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# West Europe Report

No. 2064

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23 November 1982

## WEST EUROPE REPORT

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### CONTENTS

#### THEATER FORCES

##### NORWAY

- 'AFTENPOSTEN': Brundtland's Views on Missiles 'Unrealistic,  
Irresponsible'  
(Editorial; AFTENPOSTEN, 1 Nov 82)..... 1

#### TERRORISM

##### TURKEY

- Mumcu Wants Words Converted Into Action on Terror  
(Ugur Mumcu; CUMHURIYET, 7 Oct 82)..... 3
- Illegal Rizgari Group Has Brief Revival  
(TERCUMAN, 3 Oct 82)..... 6

#### ENERGY ECONOMICS

##### FRANCE

- Study Foresees 200 to 220 Million TEP Consumption by 1990  
(LES ECHOS, 16 Oct 82)..... 8
- Briefs  
ELF Towing Test..... 10

##### TURKEY

- Energy Consumption Seen Shifting From Oil to Coal  
(DUNYA, 5 Oct 82)..... 11

## ECONOMIC

### FRANCE

- New Economic Policy for Overseas Department Discussed  
(LA PRESSE DE GUYANE, various dates)..... 13

### GREECE

- KEPE Confidential Report on Economy Published  
(I KATHIMERINI, 26, 27 Oct 82)..... 21

Text of Report  
Government Denial

- Measures Adopted To Develop, Increase Exports  
(I KATHIMERINI, 3 Nov 82)..... 24

- Increase in Tobacco Exports to USSR  
(ELEFTHEROITYPIA, 26 Oct 82)..... 26

### TURKEY

- Economic Report Submitted to NSC Detailed  
(Emin Colasan; MILLIYET, 18 Oct 82)..... 27

- Kafaoglu's Policy Gives Priority to Private Sector  
(CUMHURIYET, 11 Oct 82)..... 31

- Turkey's Largest Private Sector Firm Profiled  
(Erhan Key; DUNYA, 23 Sep 82)..... 33

- Survey Given of Turkish Contracting Work Abroad  
(Kemal Balci; MILLIYET, 4 Oct 82)..... 42

- Largest Repayment on Foreign Debt Upcoming  
(DUNYA, 9 Oct 82)..... 43

- Sevig Examines Turkey's Changing Export Posture  
(Veysi Sevig; DUNYA, 9 Oct 82)..... 45

## POLITICAL

### INTERNATIONAL AFFAIRS

- Conservative Premiers of Norway, Denmark Face Like  
Challenges  
(Eivind G. Karlsen; AFTENPOSTEN, 30 Oct 82)..... 47



## FINLAND

- Magazine Looks at Confusion Over 'Arafat Invitation  
(Antti Blafield; SUOMEN KUVALEHTI, 8 Oct 82)..... 50

## FRANCE

- Reportage on Regional Council Activities  
(LA PRESSE DE GUYANE, 28 Aug 82)..... 56

- New Prefect Silberzahn Interviewed on Various Topics  
(Claude Silberzahn Interview; LA PRESSE DE GUYANA,  
1 Sep 82)..... 59

## GREECE

- Disapproval of 'Political Fronts' Expressed  
(Editorial; MESIMVRINI, 23 Oct 82)..... 64

- Comment on Papandreou-Karamanlis 'Historical Compromise'  
(G. Votsis; ELEVTHEROITYPIA, 24 Oct 82)..... 66

### Briefs

- Alleged Iraqi Financing Offer 69  
Yemen Delegation Visit 69

## TURKEY

- Former Advisory Assembly Member Outlines Views on Electoral  
System  
(Necdet Dogan; CUMHURIYET, 7 Oct 82)..... 70

- General Alpaslan Interviewed on New Constitution  
(Erbil Tusalp; CUMHURIYET, 7 Oct 82)..... 74

## MILITARY

## FRANCE

- Budget Cut, But Manufacturers To Step Up Export Efforts  
(LES ECHOS, various dates)..... 77

International Market To Be Evaluated, by Airy Routier  
Hernu Comments at Naval Exhibition  
Nuclear Programs Unaffected  
Missile Sales, by Airy Routier

### Briefs

- Moroccan Naval Vessels Call 82

## NORWAY

Reporter Discusses Routine on Jan Mayen Loran Base (Brita Rosenberg; AFTENPOSTEN, 1 Nov 82).....	83
Norway Seen Better Able To Deal With U-Boats Than Sweden (Knut Falchenberg; AFTENPOSTEN, 6 Oct 82).....	87
Official Foresees Wider Role for Women in Armed Forces (Liv Hegna; AFTENPOSTEN, 6 Oct 82).....	90
Norwegian Subcontractors To Benefit From FRG Sub Purchase (Knut Falchenberg; AFTENPOSTEN, 1 Oct 82).....	92
Weapons Firm Chief Comments on New Acquisitions, Research (Knut Falchenberg; AFTENPOSTEN, 5 Oct 82).....	95

'AFTENPOSTEN': BRUNDTLAND'S VIEWS ON MISSILES 'UNREALISTIC, IRRESPONSIBLE'

Oslo AFTENPOSTEN in Norwegian 1 Nov 82 p 2

[Editorial: "Dangerous Game"]

[Text] With its tactical maneuver on the missile question, the leadership of the Labor Party could attain the exact opposite of what they themselves want, and in reality contribute to a momentous turning point in the debate about Norwegian foreign and security policy.

When the chairman and parliamentary leader of the Labor Party, Gro Harlem Brundtland, as recently as in the radio program "Weekend" on Saturday, maintained that her party will oppose Norway's contribution to preparations for missile deployment in West Europe, it was a clear violation of the obligations which we have assumed as a member of NATO. This involves agreements which both the Nordli and the Harlem Brundtland governments participated in as a link in NATO's negotiating strategy with the Soviet Union aimed at a mutual and balanced disarmament.

A violation of agreements, which the chairman of the Labor Party has recommended, can create dangerous expectations in the East about further tendencies toward disintegration in NATO, and can weaken the ability of the alliance to protect the peace. And obviously opposition of the kind that we are now seeing from the Labor Party is not considered isolated and thereby independent of Norway's membership in NATO and the obligations which are a part of that. It directly concerns Norway's attitude toward the alliance upon which our own security depends. We remember that several of the foremost politicians of the Labor Party, including Guttorm Hansen and Odvar Nordli, on various occasions have asserted the same idea. We therefore can not fumble too much with our own NATO obligations without causing serious consequences for Norway's security.

The serious part of the so-called missile issue is emphasized by the concessions that the Labor Party leadership has made to the foreign policy opposition on the Left. The arguments by the party chairman on the actual appropriation are mainly based on the leftwing premise that Norway must not act as a "spearhead" and that we must not be an aggressive element in European politics. That is the same theme that we have heard for years from

the neutralist forces in Norwegian politics, those who have never been willing to accept that our own security is permanently tied to unity and cooperation between the western democracies. The postwar history of the Labor Party is largely the story of how political leaders with backbone and clear vision created the basis for broad national unity on security policy, in spite of shrill protests from leftwing activists. What we should be able to expect from the chairman of the Labor Party is an active engagement in favor of a unified western negotiating strategy which can lead the Soviet Union to understand that the West is serious about its desire for nuclear disarmament. One should never give the impression that the Soviet Union can retain its superiority and avoid making concessions during the ongoing negotiations, because there will be no new weapons in the West.

With her spoiled manner of speaking, Gro Harlem Brundtland has unintentionally been damaged by justifying a political argument which is as unrealistic as it is irresponsible. That is the background for why Reiulf Steen, with great confidence, came forth with the prediction that the Labor Party will say no to missile deployment in the West, regardless of how the negotiations with the Soviet Union end. Steen and those who think like him see here a marvellous chance to fish in troubled waters. In a radio speech Saturday night Sissel Ronbeck reported that she also ruled out a majority for missile deployment.

If that should be the result, it would be an example of what happens when opportunism takes the upper hand, when political leadership shirks its responsibility.

9287

CSO: 3639/20

## MUMCU WANTS WORDS CONVERTED INTO ACTION ON TERROR

Istanbul CUMHURIYET in Turkish 7 Oct 82 pp 1,11

[Article by Ugur Mumcu]

[Text] There are a number of reasons for terrorism. Every cause of terrorism can be extracted through lengthy research, fastidious studies and investigations. There is absolutely no meaning in the stereotyped words spoken on this subject. Furthermore, just as they have no meaning, these stereotyped words are objectionable, because they throw the subject of terrorism into a more confused state.

One of the painstaking investigations on the topic of terrorism was published recently. The study, entitled, "Urban and Political Violence," released by Prof Rusen Keles and Assistant Prof Artun Unsal, examines the relationship between terrorism and the phenomenon of urbanization. Research was carried out in six provinces and, based on statistical figures, reveals a relation between the occurrence of political violence and unplanned urbanization. After citing a number of reasons for terrorism, Keles and Unsal state, "If unhealthy urbanization were the only source of violence in Turkey, it would be easy to transform the nation into a hotbed for violence."

There are innumerable benefits in dealing with political terrorism in Turkey as a "laboratory subject," in a cold-blooded manner rather than as the result of ideologic polarities or one-sided political conditions.

One section of the book, "Urban and Political Violence," was previously published in this newspaper. CUMHURIYET is the publication that follows terrorist incidents most closely and that wages the fiercest battle against their occurrence.

During the time when terrorism took an average of 20 lives each day, the investigations of Orhan Apaydin, president of the Istanbul Bar Association and legal adviser to our newspaper, were published under the title, "Who Was Killed and Why," and consisted of articles written fearlessly. In these studies printed in our paper, Apaydin performed an enormous function in enlightening the public about the occurrence of terrorism. For this reason, the name, Apaydin, was put on the lists of terrorist groups, and he was a target, constantly under pressure and being threatened.

In 1978 in the days when terrorism was well organized and growing, a long journalistic investigation was made with persons who took part in the incidents that took place prior to 12 March, and the harm that would be done to the community by the "adventurous" means and methods carried out in the name of leftism were written in the most clear manner in the columns of our newspaper. In the days during which we wrote of bloody demonstrations, of isolated incidents, and how there were plenty of "dead-end streets" for the leftist sector, our newspaper was threatened by a number of romantic youths. Sale of the paper was prevented. We were called "revisionist" in underground communiques to "militants." CUMHURİYET waged the most serious, most consistent ideologic and political struggle against the adventurous actions committed in the name of leftism. When we wrote in these columns of the need to organize through political parties, unions, and associations using only peaceful means and methods and within constitutional and legal limits, the left countered with stereotyped accusations such as "petty bourgeoisie," "revisionist."

We wrote about incidents of "arms smuggling" until we almost bored our readers to tears. Now it can be seen how justified we were in our persistence in dealing with the subject.

Today, the "Mafia" phenomenon is being discussed throughout the world. The support of international terrorism by certain persons is more clearly understood by means of the "Mafia" phenomenon. The Mafia is now among the most sensitive and most current issues of the day, not only in Turkey, but in the entire world. Today, large amounts of space are given to the topic of the Mafia in the columns of respected publications throughout the world.

It was CUMHURİYET again that was the first organ to call attention to the Mafia's role in political terrorist incidents in Turkey and to its share in these incidents.

Organized and organizational men in a number of sections of the Mafia and partisans who are known and those whose names are still not certain have declared CUMHURİYET their chief enemy.

We will write for you about each single incident we encounter, each threat, each pressure as the days go by.

With your permission, let us close today's article with an incident that will anger some people.

A public employee named Naci Ocalan was on trial in a court in Istanbul. This public employee was born in Istanbul in 1945. He was registered as living on Sarayonu Street in Fatih Hacı Hamza District. In the statement he gave, this suspect said that he had gone abroad on a falsified passport -- No 695263; that he obtained this falsified passport from a person called "George" from Mardin and picked it up in the office of a public employee named "Sevket" in Besiktas; and that this falsified passport was written in the name of "Nihat Yas" and was brought to Istanbul by a person called "Misbah."

The actions and relations of Ocalan; the activities carried out by public employee Sevket for the past 2 or 3 years; and the incidents, which involved the son of this Sevket's uncle, demonstrate how far this criminal organization, about which we have spoken for years, has spread to every sector of the community.

Yes, as we said, there are many who are angry with us, there are many who want us to keep quiet immediately. We have many enemies.

As long as we can hold a pen, we will write about this. We will write and write and write!

11673

CSO: 3554/18

## ILLEGAL RIZGARI GROUP HAS BRIEF REVIVAL

Istanbul TERCUMAN in Turkish 3 Oct 82 pp 1,10

[Text] Ankara--At the close of a series of operations conducted by martial law security forces in and around Ankara, 15 militants who were active in reviving the illegal Rizgari organization were arrested. Among the militants, who have killed one person and have committed robberies, are four women.

According to a statement made by the Ankara Security Directorate, it had been established that activities were being undertaken to bring back to life the divisive organization, Rizgari, which had been completely broken up after 12 September. In a series of operations initiated on the strength of this information, it was learned that committees were being formed in Ankara and surrounding areas and that secretive work was being carried out in houses rented by the organization. After evidence was evaluated and several militants who were apprehended betrayed one another, 15 persons were arrested. The militants taken into custody confessed that they sought, through the organization they attempted to establish, "to make the workers and laboring class conscious of the Marxist-Leninist view, to destroy the existing system by the use of arms, and to form a communist system."

## Arms Confiscated

Found on the militants and in the houses of the organizations at which they stayed were two pistols, two drums for feeding ammunition to automatic arms, 36 shells of foreign make, one typewriter, a number of banned publications and communiques, and falsified identity papers. The general archives of the organization were also confiscated.

## Crimes

The arrested militants robbed a jewelry shop in Adana on 4 November 1981; on Anafartlar Boulevard in Ankara on 23 June 1982; in Fatih District in Istanbul in January 1982; in Sisli, Istanbul in February 1982; and in Tarlabasi in May 1982. On 20 January 1982, the militants stole 4 million liras from a bank branch in the Kecioren District of Ankara, killing an employee while doing so.



## Identities

Of the militants who were apprehended, six are unemployed; three are students; two are civil servants; two are laborers; one is a secretary; and one is a tradesman. The names of the militants are:

Ekrem Asik, Seher Erol, Rifat Buhar, Nadir Kalkan, Suleyman Petekkaya, Muzaffer Kokalan, Nuran Camli, Fezile Firat, Leyla Akbas, Yunus Bulut, Mustafa Dogan, Ali Ekici, Yuksel Ekici, Sedat Guncekti, and Murat Satik.



Among the militants of the Rizgari organization that was uncovered in Ankara was Seher Erol, who was captured in the possession of a pistol.

11673

CSO: 3554/18

## STUDY FORESEES 200 TO 220 MILLION TEP CONSUMPTION BY 1990

Paris LES ECHOS in French 16 Oct 82 p 19

/Text/ Should the nuclear program be slowed down or the coal mines be closed? The debate has caused great stir around the country for the past few days. The government stresses, however, that for the moment studies focused only on the medium term, and that no proposals would be spelled out before spring.

All the same, an interim report drafted by a working group in the context of preparation of the 9th plan foresees a decrease in consumption objectives to be set for 1990. The experts actually expect total requirements of only 200 to 220 million TEP by the end of this decade, while the parliamentary debate begun by the government a year ago settled on a consumption figure of 232 million TEP by the same date. The economic crisis had something to do with the difference.

The conclusions of that report, which are to be considered next week, indicate even now, however, that specific measures would be necessary to ease conversion by enterprises to coal, or to enable them to install equipment more economical in energy use. It also appears that the industrial sector has not increased its electricity consumption as much as expected.

The economic downturn and rise in interest rates largely explain the behavior of heads of enterprise--and of Frenchmen as a whole.

#### Clarity in Pricing

Although the orientation document for preparation of the 9th plan, recently presented in its second draft to the council of ministers by M Michel Rocard, is hardly fluent on energy questions, it nevertheless emphasizes that realization of operations for rational utilization of energy "will be facilitated by clear formulation of an energy pricing policy as much as by strengthening of financial and tax measures necessary to attain consumer solvency."

The minister for economic planning and development gives equal emphasis in his report to thermal energy development and to certain aspects of the energy economy program, more particularly to those relating to renovation of residential or administrative structures.

In that regard he stresses that an investment of one billion francs in those sectors, though it might deepen the external deficit by Fr 400 million in the first year, would then free a surplus of over Fr 100 million for each successive year.

6145  
CSO: 3519/78

## BRIEFS

ELF TOWING TEST--With the agreement of the National Navigation Company, of the ELF group, a new towing exercise took place off Barfleur 16 September to test possibilities of towing a 550,000-ton supertanker by the stern. The tanker "Prairial" was chosen for the training exercise--the 15th conducted off French coasts since the stationing of three deepsea tugs intended to ensure safety of navigation in coastal waters. Conducted from the marine prefecture operations center, the exercise also brought into play a monitoring vessel and a heavy helicopter, which was used to put in place an emergency towing bridle. The tanker "Prairial" had a light displacement freeboard of 28 m. She was taken in tow under favorable conditions by the "Abeille Languedoc," which had been unable to carry out this test 6 months before because of fog. The training exercise, considered very positive by the participants, was conducted in the presence of National Navigation Company and Marine Cherbourg representatives. /Text/ /Paris COLS BLEUS in French 16 Oct 82 p 19/ 6145

CSO: 3519/78

## ENERGY CONSUMPTION SEEN SHIFTING FROM OIL TO COAL

Istanbul DUNYA in Turkish 5 Oct 82 p 8

[Text] Ankara--It has been determined that the share of petroleum and petroleum-based products--which account for more than 40 percent of Turkey's imports--in Turkey's overall energy consumption dropped from 52 percent to 43.9 percent over the last 5 years.

According to information received from Ministry of Energy and Natural Resources officials, the share of petroleum in energy consumption dropped from 52 percent in 1978 to 43.9 percent in 1982. The decline in petroleum consumption was accompanied by an increase in the usage of lignite. Turkey's energy consumption rose from the equivalent of 50.9 million metric tons of coal in 1978 to an estimated 59.1 million metric tons of coal in 1982.

In the aftermath of the oil crisis, efforts were made to build lignite-fired thermoelectric power station to reduce the dependence of electricity production on petroleum. As these power stations began to become operational, the share of petroleum in energy consumption began to decline. The share of petroleum in energy consumption was 48 percent in 1979, 46 percent in 1980 and 44.7 percent in 1981.

## Domestic Oil Production

Meanwhile, it has been learned that 45.9 percent of domestic oil production targets were achieved in the first half of the year. In the first 6 months of this year, 1,152,900 metric tons of oil was produced domestically out of a 1982 target production of 2,514,000 metric tons. The largest domestic producer was Shell with 537,000 metric tons. Shell was followed by the Turkish Petroleum Corporation with 495,300 metric tons, Mobil with 118,000 metric tons and Ersan Petrol with 2,600 metric tons. In the said 6-month period, the Turkish Petroleum Corporation realized 44.3 percent of its annual production target while Shell realized 47.1 percent of its annual target.

## Oil and Fuel Imports

Petroleum and fuel imports accounted for 41.3 percent of Turkey's total imports in the first half of 1982 and absorbed 68.6 percent of export revenues for the same period. During the same period in 1981, petroleum and fuel imports accounted for 41 percent of total imports and 91.8 percent of export revenues. Oil imports

claimed their highest share in the country's total imports in 1980 with 48.8 percent. That year, export revenues were 32.7 percent less than the value of oil imports.

Although the imported oil rose in quantity in the first half of 1982, it declined in value. Declining world oil prices and an agreement between Turkey and Iraq made it possible to import petroleum at lower unit prices. Consequently, while the quantity of oil imported rose by 7.4 percent in the first half of 1982 compared to the corresponding period of the previous year, its valued dropped by 3 percent compared to the same period last year.

9588

CSO: 3554/21

## NEW ECONOMIC POLICY FOR OVERSEAS DEPARTMENT DISCUSSED

Cayenne LA PRESSE DE GUYANE in French 26, 27, 30 Aug 82

[26 Aug 82 pp 1, 3]

[Text] Pursuant to the conclusions of the proceedings of the interministerial commission established on 2 February (COMBARNOUS [expansion unknown] Commission), the government decreed on 22 July, during an interministerial committee meeting chaired by Mr Pierre Mauroy, a series of measures aimed at promoting production activities in DOM [Overseas Departments], improving the organization of the sugar economy, expediting land reform in Guadeloupe and developing Guiana's economic potential. Measures disclosed in the August issue of SEDETOM ACTUALITES:

I. Promotion of Production Activities

This involved formulating measures likely to bring about the development of private productive investment to achieve the goals established by the Interim Plan for 1982-83.

The decisions made concern:

The government aid system, for the purpose of increasing the incentive effect of aid, to extend its scope to include new sectors, and to make the system clearer and more selective, while limiting the possibilities of tax evasion.

The economic environment of DOM businesses, in order to make them competitive by improving credit terms, reducing production costs (particularly the prices of raw materials and capital goods) and facilitating access to markets.

Modification of System of Financial and Tax Incentives

The following decisions were made:

Equipment Subsidy (Decree No 81-310 of 3 March 1981)

The ceiling specified in Article 8 of the decree is no longer valid. An interministerial decree will set the threshold beyond which the respective project

will be examined by the Central Approval Committee. For 1983, it is recommended that projects whose subsidy exceeds Fr 100,000 per job created be examined by the Central Committee.

Article 1 provides for extending the subsidy's scope of application to the following activities: operations for the production of renewable energy for resale; operations and facilities for seaside resorts and aquatic sports; recreational operations and facilities which help to develop the attractiveness of a natural or cultural tourist site; sports operations and facilities.

Article 3 of the decree will specify the conditions for granting the subsidy to tourist activities, i.e.:

Facilities shall entail a minimum investment of Fr 200,000 and the creation of a minimum of 5 jobs.

Facilities shall be indiscriminately accessible to local and tourist clientele, without any difference in rates for the two types of clientele.

Facilities shall be operated on a regular basis during the tourist season and shall not include any special usage rights to the benefit of the owner(s).

Facilities used solely for commercial bar and restaurant purposes are excluded.

The decision for granting the subsidy to the aforementioned tourist activities shall be made by the secretary of state for DOM-TOM [Overseas Territories] on the recommendation of the Local and Central Approval Commissions.

Employment Subsidy (Decree No 65-1005 of 26 November 1965, amended)

Article 3 provides for coordinating the minimum requirements for granting the subsidy with the requirements for granting the equipment subsidy (Articles 3 and 4 of Decree 81-310 of 3 March 1981).

Article 2 stipulates that commercial and administrative jobs may be considered in the 30-percent limit of productive jobs for projects involving the local market and in the 50-percent limit of productive jobs when the projects shall export part of their production.

Article 2 shall stipulate that seasonal jobs in the hotel business, tourist operations and fishing may be considered in calculating the subsidy, provided these jobs exhibit seasonal regularity from year to year and that the equivalent of the minimum number of jobs to be created is satisfied.

Article 1 provides for extending the subsidy's scope of application to the following activities: operations for the production of renewable energy for resale; operations and facilities for seaside resorts and aquatic sports; recreational operations and facilities which help to develop the attractiveness of a natural or cultural tourist site; sports operations and facilities.



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Facilities to be used solely for commercial bar and restaurant purposes are excluded.

The decision for granting the subsidy to the aforementioned tourist operations shall be made by the secretary of state for DOM-TOM on the recommendation of the Local and Central Approval Committees.

#### Reorganization of Tax System

As part of the appropriations bill for 1983, the following changes shall be made in the current system, resulting from Article 79 of the 1980 appropriations bill:

The tax deduction set at 50 percent will increase to 100 percent without additional consideration for cash contributions to the capital of the SDR [Special Drawing Rights] of DOM.

Certain operations of special importance for the development of DOM or requiring exceptionally large investments may be entitled, following approval issued by the minister of budget and on the recommendation of the Central Approval Committee, to a tax deduction of 100 percent on the amount of the cash contributions made.

In this case, the granting of approval will be subject to waiver by the company receiving such contributions of its 50-percent tax deduction on its own investments. It will in fact be combined with granting of the tax exemption to companies for 10 years. In the case of approval permitting a 100-percent tax deduction, the beneficiary companies shall waive the deduction of 15, 10 and 5 percent applicable to all territories.

Individuals may be entitled to the tax deduction for investment in eligible sectors, as provided by Article 79 of the 1980 appropriations bill and such as redefined elsewhere, up to the limit of 25 percent of their annual taxable income beyond a deduction of Fr 25,000.

The scope of application of Article 79 of the 1980 appropriations bill (50 percent tax deduction) shall be extended to:

Contributions to the capital of financial establishments, provided they agree to invest at least 90 percent of their available funds in sectors eligible

for the 50-percent deduction. The financial establishments themselves will not be entitled to any deduction.

Operations for the production of renewable energy for resale.

Contributions to hotel-related operations, rated and implemented by a sole-proprietor company without the allocation of premises to partners and linked by a contract for at least 10 years to an operating company. Should the investments be of special importance for DOM or represent an exceptionally large amount, the rate of the deduction may be raised to 100 percent of the contributions on the decision of the minister of budget following recommendation by the Central Approval Committee.

Contributors to operations carried out under the coownership system or a comparable arrangement, provided: the coownership arrangement entails an obligation for maintaining all fixed assets in a permanent location for at least 10 years; the management agreement, for an equivalent duration, is concluded with an operating company; the contract linking the coowners to the operating company precludes all rights to free use and all preferential rates.

The applicability of the 50-percent tax deduction shall also be extended to the tourist operations listed in the "Equipment Subsidy" section, provided these operations have previously obtained equipment and employment subsidies, that they invest a minimum of Fr 200,000 and that they create a minimum of 5 jobs.

Facilities shall entail a minimum investment of Fr 200,000 and the creation of a minimum of 5 jobs.

Facilities shall be indiscriminately accessible to local and tourist clientele alike, without any difference in rates for the two types of clientele.

Facilities shall be operated on a regular basis during the tourist season and shall not involve any special usage rights to the benefit of the owner(s).

Facilities used solely for commercial bar and restaurant purposes are excluded.

The decision for granting the tax deduction to the aforementioned operations shall be made by the minister of budget on the recommendation of the Central and Local Approval Committees.

#### Ten-Year Tax Exemption System for Companies

The system permitting tax exemptions for companies for 10 years shall be extended to companies eligible for the system of financial and tax incentives, including those eligible for the various new extensions.

#### Coordination of Levels of Jurisdiction

The deputy minister of budget shall delegate authority to the directors of DOM Tax Services so that projects with investments of less than Fr 4 million shall be under their jurisdiction, following the Local Committee's recommendation.

## Franchise

On the approval of the minister of budget, metropolitan industrial franchisers shall be able to deduct from their taxable earnings the amount of fees paid following franchise agreements by companies or establishments located in DOM.

[27 Aug 82 p 1]

[Text] Pursuant to the conclusions of the proceedings of the interministerial commission established on 2 February (COMBARNOUS Commission), the government decreed on 22 July, during an interministerial committee meeting chaired by Mr Pierre Mauroy, a series of measures aimed at promoting production activities in DOM, improving the organization of the sugar economy, expediting land reform in Guadeloupe and developing Guiana's economic potential. Measures disclosed in the August issue of SEDETOM ACTUALITES:

### Improvement of Economic Environment of Corporations

#### Structure for Promotion of Investments in Production Sector:

A regional delegation shall be established with every DOM commissioner for the promotion of production activities and shall have the mission of assisting existing companies or those which are ready to be developed or established.

#### Information for Companies Concerning Settlement Conditions:

A continuous program will be implemented on the initiative of the secretary of state for informing metropolitan public and private corporations about the possibilities of settling in DOM. The new ADN [expansion unknown]-DOM, together with the links constituting local associations for development, will have a basic role to play in this regard.

#### Access of Corporations in Production Sector to Credit:

An "Investment Fund" is being established, which will be used to bolster government intervention. It will mainly provide a second guarantee for banking establishments which agree to take on additional risks and shall make investments in corporations.

Entities for assisting craftsmen will be set up at the trade association level to inform them of credit terms and possibilities and to help them prepare their credit records.

Financial establishments will be urged to participate in assistance programs for the financial management of PME [small and medium-size businesses].

#### Access of Companies to Capital Goods and Raw Materials:

#### Freight Shipping:

A study group has been assigned to recommend to the government by 30 September 1982 measures making it possible to find the best possible contribution of shipping service to the economic development of DOM.

#### Problems of Anticompetitive Practices:

Between now and the end of the year, comprehensive studies will be carried out to determine the extent of phenomena and to check, if necessary, the excessive effects of certain forms of competition. This study will include customs procedures, which will be simplified as much as possible.

#### Terms for Purchase of Supplies by Production Sector:

The crafts and construction sectors will be encouraged to create purchasing groups through technical assistance measures as well as through subsidies.

#### Role of Public Communities and Administrations as Purchasers:

Each commissioner of the republic shall appoint an official for public transactions for the purpose of making public markets more accessible to local production.

With the support of the union of public purchasing groups, the outside services of ministries will be urged to purchase their furnishings and supplies locally and, more generally, to orient public orders toward local production.

#### Sugar Economy

The agricultural economy of DOM must be considered as a whole, in particular because of the necessary reconversions. However, the sugar cane/rum industry requires special measures. Two funds shall therefore be created: a fund for guiding and supporting the agricultural economies of DOM and a fund for intervention in the sugar economy.

A single board of directors will guide, according to its recommendations, the management of these funds. Action will be carried out, according to need, by offices specialized according to products and, in the case of the sugar economy, by the FIRS [expansion unknown], whose powers shall be broadened.

A group of experts is assigned to analyze, before 30 September 1982, the cost price per ton of cane according to production structures and geographic areas and to reexamine certain provisions of the agreements linking sugar industries and the government.

The European Economic Community will be asked to change the national aid ceiling authorized by the community regulation concerning organization of the sugar market.

[Text] Pursuant to the conclusions of the proceedings of the interministerial commission established on 2 February (COMBARNOUS Commission), the government decreed on 22 July, during an interministerial committee meeting chaired by Mr Pierre Mauroy, a series of measures aimed at promoting production activities in DOM, improving the organization of the sugar economy, expediting land reform in Guadeloupe and developing Guiana's economic potential. Measures disclosed in the August issue of SEDETOM ACTUALITES:

## II. Proposals for Development of Guiana

The adoption of all these proposals will lay the basis for a new relationship between the government and Guianese partners: elected officials and professionals, according to a pluriannual type of contract, but without claiming to cover all areas which concern Guiana.

In comparison to the "1975 Development Plan," which was sectoral (agriculture, forestry), the desire which this document wants to impart is that the development of Guiana is inconceivable sector by sector. It is through an overall grasp of development problems that this department, which has a great deal of potential, will be able to develop, that numerous productive jobs can be created and that, finally, the trade balance deficit can be reduced.

The proposals to be submitted to elected officials and professionals share this view, based first of all on the strength of what has already been achieved.

A significant effort in the area of training and supervision, primarily for Guianese youth, is being considered at the same time.

Finally, measures are proposed which should make it possible to attain better opportunities for the success of development, in particular by strengthening the influence of the cooperative sector.

### The Strength of What Exists

The effort will concern production up the line: densification of existing agricultural zones in order to establish true agricultural centers along the coastline; modification of government agricultural aid by extension of loans and increasing certain subsidies; classification of the entire Guiana Saint-Laurent road as a priority, with the possibility of 35 tons authorized passage, which is essential for the forestry sector; access to preferred public financing for small-scale fishing.

The proposed measures are also intended to improve production down the line: accelerated completion of essential superstructures: lumber storage facilities at ports, icemaking machinery for small-scale fishing; greater responsibility for the cooperative sector, to which we shall return; national preference for proven advantage (public transactions in particular).

## Effort Concerning Training and Supervision

The measures unanimously desired in this regard by elected officials and professionals have been considered as a whole: creation of a school for forestry and lumber trades, connected with the Suzini LEPA [expansion unknown]; financing of maritime vocational training in Cayenne; continuation of training in tourist trades, beyond CAP [expansion unknown] (hotel, restaurant business ...); greater participation of CNES [expansion unknown] in electronics training; greater supervision in all sectors, either by increasing available resources (Management Center, ISTPM [expansion unknown], administrations) or through the intervention of new partners (Compagnons du Tour de France).

These measures, of course, reflect the desire to see more young people participate in the development effort. But in order to be effective, they also require that everyone in Guiana consider the production sector as a priority and give up the idea of the "administrative or para-administrative tertiary sector, the key to all problems."

## General Measures

Many other proposals are also being made, which are all aimed at better consistency of economic policy in Guiana.

They concern: either consistent structuring around the road, port or airport system or through Communal Improvement Plans (PAC) established in communes not covered by a POS [expansion unknown]; or sectoral consistency based on the progressive responsibility of professional partners. In this regard, it is every cooperative and every trade union which must be the preferred partners of elected officials and public authorities, indeed even of the CNES.

With regard to the industrial sector, which is in its infancy, a special effort will be made to reactivate several plants: for bricks, cement, and especially kaolin.

All of these proposals imply a significant financial effort on the part of the government, which has already been made, as well as on the part of the respective parties themselves: elected officials and professionals.

This implies two significant priority measures: the improvement of communal public finances, which is very urgent, and local reinvestment of locally held capital.

11915

CSO: 3219/2

## KEPE CONFIDENTIAL REPORT ON ECONOMY PUBLISHED

## Text of Report

Athens I KATHIMERINI in Greek 26 Oct 82 p 1

/Text/ A confidential report by KEPE /Center for Planning and Economic Research/ reveals the real disgrace of the economy and shows that the government's statements of success have no relation with the true facts.

The KEPE report that was submitted to the government yesterday stresses that during the current year also the economy continued to be plagued by very serious problems such as a drop in investments, high inflation, decrease in the competitiveness of Greek products and the devaluation of the drachma. For the first time this year, yet another problem, unemployment, has been added to these problems.

Prospects for an upturn in the economy in 1983 and 1984 depends solely on the economic recovery of the countries of the West in which Greece is included.

## The Report

The report reads as follows:

"Following a very small decrease in the gross national product last year, an upturn in the Greek economy is at least anticipated this year. This is due primarily to good agricultural production and to a small increase in services. On the other hand, the field of industry and construction will lead to negative growth in the secondary sector.

"For the third year now, private investments have shown a decrease despite the new law on incentives that was recently passed.

"Inflation continues to be a big problem in Greece. The government tried to reduce inflation to under 20 percent but indications are that this goal was optimistic and that inflation will reach last year's level.

"A redistribution of income took place at the end of last year. A one-time corrective increase of the lowest wage and salary levels by about 40 percent that followed a cost-of-living index readjustment for 1982 led to an increase

of the per unit cost of labor to the order of 28-30 percent. This led to a decrease in the competitiveness of Greek exports to foreign markets and to a significant devaluation of the drachma vis-a-vis the American dollar.

#### Unemployment

"During 1982 for the first time, Greece began to face a rather serious problem of unemployment. Despite the introduction of special vocational training programs and certain incentives that were provided to business firms, the employment situation has not improved. At the same time, the reduction in the work hours, the increase in leave periods and other such measures taken to cut the increase in unemployment have led to a reduction in productivity.

"The increase of the real available income to the lower-paid daily wage workers and employees did not lead to an increase for a demand of local products. The loan conditions of small and medium-sized firms improved but this did not lead to an increase of production and consequently of employment.

"Another source of unemployment is the construction field, specifically housing construction, that has decreased by about 30 percent.

#### Balance of Payments

"Despite the opposite trend prevailing in most of the EEC countries and the big public financial deficit, Greece tends to increase the participation of the public sector in economic activity. Public consumption increased in 1982 and it is expected that in coming years it will increase at a faster rate than private consumption. The same holds true for fixed investments.

"As far as the balance of payments is concerned, the situation has not improved. Despite the fact that Greece received a significant sum from the EEC, the drop in invisible revenues and the net influx of private capital worsened the foreign exchange situation.

"Prospects for 1983 and 1984 are improved on the condition that the situation in the countries with which we mostly trade improves.

"A new 5-year plan will go into effect in 1983. This program puts great stress on regional development and the participation of OTA /Organizations of Local Self-Government/ in the developmental effort of their regions."



Government Denial

Athens I KATHIMERINI in Greek 27 Oct 82 p 1

/Text/ Prof Loukas T. Katselis, KEPE science director, has sent us the following letter:

"Dear Director,

"The first page of the 26 October 1982 issue of your newspaper carries the text of a report, titled "A Confidential Report by KEPE Provides a Picture of the Real Disgrace of the Economy," that allegedly was submitted to the government.

"We feel it necessary for the reestablishment of the truth and for the proper enlightenment of your readers that we inform you that such a report was not written by KEPE and consequently it was not possible for it to be submitted to the government.

"We request that our letter be published in the same column of your newspaper, in accordance with the law."

Editorial Comment: The text that I KATHIMERINI published is a genuine translation of the English-language report written by KEPE within the framework of the international LINK system that is headed by the American Nobel-prize winner Professor Klein (who had, in fact, come to Greece recently as a guest of Minister of National Economy Ger. Arsenis) and, of course, a copy of it had been submitted to the ministry. The report is accompanied by tables that we did not publish due to lack of space.

5671

CSO: 3521/62

## MEASURES ADOPTED TO DEVELOP, INCREASE EXPORTS

Athens I KATHIMERINI in Greek 3 Nov 82 p 1

/Text/ Minister of National Economy Ger. Arsenis announced yesterday positive measures for the growth of exports that will strengthen the balance of payments by several hundreds of millions of dollars. These measures relate to this year's exports as well as those of 1983, while at the same time other measures that will be expressed in an aggressive export program are now being studied in cooperation with exporters. Within the context of this program are included the signing of planning agreements between the government and specific firms for the promotion of special products or products of certain industries.

According to the measures announced by Mr Arsenis yesterday:

1. Immediately following the implementation of each export program, the subsidy, or at least 80 percent of the subsidy, given to firms, are to be paid out. The minister stressed that this subsidy is not a gift to exporters but a device to improve the competitiveness of our products. Such devices exist in all countries, while in the EEC countries especially there is a provision for the return of the added value tax.
2. The low interest financing of export firms that is 10.5 percent for 3-month loans can be extended in time when the exports involve installment arrangements.
3. The possibility for export firms to incur expenditures without supporting documents to 3 percent of the level of their exports each year is hereby recognized. As Mr Arsenis explained, the government decided on this arrangement after it determined that many nations are following an aggressive export policy and that in order to confront this policy Greece has to take its own measures through strengthening efforts to hold on to old markets and to acquire new ones.
4. The time period in which exporters must bring in the foreign exchange that they received through the export of their products is cut from 6 to 3 months, so long as the transactions are cash transactions.
5. The granting of foreign exchange to exporters, as well as the determination of its closing price, will take place at the most 4 days prior to the execution of the credit.

All of the above measures are in effect as of today, with the exception of item 3 that requires the passing of a legislative decree, a decree that is already being pushed in parliament.

Within a week, Mr Arsenis will announce a second series of measures that will refer to the promotion of specific investment programs. The minister reiterated that economic policy in 1983 will be expansionist.

#### Forecasts

"The government's forecasts on the course of economic development in our country for the stabilization of the economy and its emergence from the crisis have not materialized. The forecast that the deficit in the regular budget of 252 billion in 1981 would decrease to 238 billion in 1982 did not hold up. There has been a differentiation in the forecast but the deficit will not reach 400 billion."

The above statement was made in parliament yesterday by Deputy Minister of National Economy Dimosthenopoulos during a discussion stemming from a question by Mr Kappos (KKE).

Mr Dimosthenopoulos also said that, according to data of the ministry, the cost-of-living index that was estimated to be probably 20 percent will be increased by two more percentage points (22 percent).

In his question, Mr Kappos had criticized the government for not having taken any substantial measure for stabilizing the economy.

5671

CSO: 3521/62

## INCREASE IN TOBACCO EXPORTS TO USSR

Athens ELEVETHEROTYPIA in Greek 26 Oct 82 p 15

/Excerpts/ Within the context of greater development of trade between Greece and the Soviet Union, the Soviet Union will import twice as much Greek tobacco this year compared to 1981. Of course, the amounts of tobacco imported by the Soviets are not great, but the fact that they will import 15,500 tons this year compared to 9,500 tons that had originally been programmed and compared to 6,500 tons imported in 1981 shows the intent and prospects for an improvement in trade. Therefore, there will be a 138.5 percent increase in the export of Greek tobacco to the Soviet Union this year.

In 1981, Greece dropped from third place to fourth with 6,475 tons compared to 6,508 tons in 1980 (0.5 percent drop). The country's participation in the Soviet import of tobacco was 13.7 percent in 1978, 9 percent in 1979 and 6 percent in 1981.

For 1982, the Soviets had scheduled the purchase of 9,500 tons of Greek tobacco. However, after the meeting of the Greek-Soviet ministerial committee in Moscow last June (heading the Greek delegation was Alternate Minister of National Economy Giannis Pottakis), the Soviets decided on an additional purchase of 6,000 tons of Greek tobacco. Agreements with export firms have been signed for the sale of this tobacco.

There is no concrete information on prospects for the import of Greek tobacco in 1983 because the Soviet import-export plan is still being worked out. At any rate, a government source told ELEVETHEROTYPIA yesterday that further improvement in the export of tobacco to the Soviet Union is expected in 1983.

5671

CSO: 3521/62

## ECONOMIC REPORT SUBMITTED TO NSC DETAILED

Istanbul MILLIYET in Turkish 18 Oct 82 p 6

[Article by Emin Colasan: "'Basic Principle Must Be Ataturkist Mixed Economy'"]

[Text] The economic report prepared for Head of State General Kenan Evren and the NSC [National Security Council] stresses that positive results were achieved in the Turkish economy in 1981, but that certain changes in the economic stabilization program being applied would be beneficial.

The head of state, NSC members and other top military and civilian state authorities were briefed on the report.

The report states that principles which formed the basis of Ataturk's model for a mixed economy need to be applied.

Some criticisms of the economic stabilization program now being applied were made during discussion of the "general assessment" section of the report at the head of state's briefing and suggestions were offered. This section says in part:

"In a period of world economic crisis and depressed international trade, it is deemed appropriate that the following matters be given priority consideration to enable the continuity and further development of the positive results our country has achieved, in conjunction with the climate of peace and stability achieved internally and the geostrategic and political conditions, in the short term and for crucial needs through implementation of the economic stabilization program:

"1. While the program, designated economic stabilization measures, attempts to employ monetary standards to bring inflation under control, it envisages in essence a fundamental structural change in the Turkish economy. This structural change is an effort to introduce the practice of the free market economy uniformly throughout our country in all dimensions. In this way, the Turkish economy has entered upon a course of structural change toward an outwardly-oriented economic model based on the free price and market mechanism.

"2. It may be said that, as a consequence of this economic policy being applied, investment and economic activities will concentrate in the areas of agriculture, tourism, mining, some light industries and commercial and

financial services in which we have a relative advantage, that projects involving intermediate and investment goods and industrial areas requiring high technological know-how will be postponed, cancelled or left to foreign capital and/or foreign capital-private sector partnerships to which they seem feasible, that foreign capital will play a more active role in investments, that in a climate of fierce internal competition in the transition to a free market system the structurally weak or developing industrial establishments of the private and public sector will be ever-more subject to liquidation for a variety of reasons if measures are not taken, that the role of the state will gradually decline in all areas in economic life, that certain international financial organizations may impact on identifying the line of future development of the Turkish economy and that state investment in the manufacturing industry will decline, being devoted to infrastructure.

"3. It will be normal for financial policies, including incentive and tax policies first and foremost as complementary elements of this same model, to be pointed towards capital accumulation and for consideration to be given to social implications in the context of supporting this economic structure. It must be expected that the restructuring of this entire formation will require changes in the existing balances in the socio-economic structure.

"Obviously, the socio-economic structure which would be shaped in the long term by this current economic model and examples of which are seen in certain developing countries has been adapted when and as needed through measures taken by the National Security Council administration in order that it might conform to the social and economic qualities and principles inherent in the republic that Ataturk founded. It seems appropriate that these measures be set forth as a whole, a systematic package of principles. It is considered necessary that these measures be taken also from the standpoint of Turkey's having a sound and balanced socio-economic structure in the medium and long term.

#### Measures Devised

"1) Nationwide development should not be considered in its economic dimensions alone, but policies should be applied to ensure that it is balanced with socio-cultural values and the principles of social justice.

"2) As shown, a strategy of planned development is being applied in an attempted drive for industrialization in the public and private sectors. Protections have been provided to speed up and offer incentives for industrialization. Ours is a developing country whose structures, for various reasons, are weak and in a climate of fierce competition at home and abroad in the transition to the free market system, methods are being developed whereby certain sectors and businesses which produce the goods our nation needs and create extensive opportunities for skilled employment will achieve, over time, sound, balanced and strong structures financially, technically and administratively within the context of a plan and through selective implementations. National industry must be supported and protected in harmony with the economic policies applied.

"3) Over time, also, our Turkey will be able to achieve the goal of modern civilization on which the great Ataturk set his sights by stressing the importance of and producing the technology for investments in heavy industry in balance and harmony with our resources and in parallel with the development of agriculture. In respect of this, although the decision has been made to give priority allocation of resources to infrastructure, primarily energy infrastructure investments in the short term, it is necessary, in parallel with the infrastructure investments whose positive progress we will see in the near future, to begin now to plan the rational economic and technological projects to develop the intermediate and investment goods industries that will make Turkey a great nation in the Middle East whose elements of national strength are balanced and solidly built. The basis for this planning must be the putting into practice of the principles on which the great Ataturk based the mixed economy model and effort must be expended toward the goals he envisaged of development planning of all resources.

"4) The planning mechanism must be used as an important means of ensuring that the best decisions are made in light of the full macro-economic equilibrium and of providing for the rational allocation and effective utilization of resources, especially in times of crisis. In respect of this, emphasis must be placed on socio-economic planning in harmony with the national needs and national policies for the effective, productive and balanced utilization of resources in all areas of the national economy.

"5) Various factors, high financing expenses among them, impact negatively on costs and the tendency to invest. The predominant implication and view is that there is no alternative to this within the free market and price mechanism model. But there exists even in the most advanced nations a question of safe and balanced protection of the savings holder, of setting interest limits and of selective practices. The fact that vigorous progress of financing resources, especially of banks, production and investment, has been directed carefully, selectively and with a conscious effort to ensure development without wasting resources is of vital importance for this sector which carries as big a share as the state budget.

"6) The SEE's [State Economic Enterprise] may each be utilized as an effective means of raising production, implementing investment policies and fighting inflation. The successful operation of these establishments will also reflect positively on the private sector. In a climate in which, for example, it costs 150 billion Turkish liras to build a facility to produce 1 million tons of steel, in which the private sector does not have the resources to operate or expand an existing steel facility with a 100,000-ton capacity and turns over some of its shares to the state, in which rescue by the state is something to be desired, (seeing that Turkey, by the balanced development of its national capabilities, will rise like a new sun on the horizon of modern civilization) the SEE's must continue to play a vital role in this development. In harmony with the policies applied, we must support, improve and develop the SEE's morally and materially as the intrinsic wealth and components of our nation.

"7) We must adopt balanced legislation, proceed with the organization and provide the facilities to encourage corporations to make the sectoral and local investments set by the development plans.

"8) The measures necessary for recovery in specific sectors of the economy have been taken or are in progress. Such a recovery will bring a measure of relief to the employment problem. Another matter of importance may be to take advantage of existing special-purpose public organizations to put in effect job-creating, labor-intensive projects, risking some deficit financing if necessary, provided they are production-oriented.

"9) It would be appropriate to provide balanced protection, with priority to national interests, in practices involving foreign capital, both a fact and a requirement of the times.

"10) Our policy of outward orientation must be pursued, directed and supported at all times in the direction of national interests.

"11) It may be necessary to sacrifice certain social possibilities in order to obtain the structure and results envisaged in the economic policy being applied. This may also cause a worse squeeze on the standard of living and employment problems for the employed public. As a preventive, while preserving the fundamental democratic and social rights of workers in writing new labor legislation, it would be appropriate to increase the role and effectiveness of the state as a fair arbitrator between workers and employers and to ensure the continuity of labor peace which allows the national economy to develop on an even keel.

#### Conclusion

"In conclusion, Turkey seems to be a country of peace and quiet in a disturbance-filled region in 1982. It is a country with its people, resources and geopolitical location in the Middle East, yearning for development and filled with earnest hopes of becoming a great and prosperous nation in the future.

"It would be appropriate at the positive point achieved today to combine the measures taken with an economic policy envisaging the Ataturkist mixed economy model that takes the goal of national development and the rational and planned utilization of existing resources for sustained improvement and a sound and lasting social and economic development for the good of our nation and our people.

"In the transition to democracy, Turkey must establish a balanced socio-economic policy and labor peace and must preserve through dynamic development the social and economic qualities inherent in the republic Ataturk founded.

"While practicing the rules of the free market economy, we are bound to leave future generations the heritage of the national ideal of civilization and honor, the modern national and independent state, industrialized and agriculturally developed, which safeguards the socio-economic balances and is based, first of all, on the genuine resources of this paradise, our native land."



## KAFAOGLU'S POLICY GIVES PRIORITY TO PRIVATE SECTOR

Istanbul CUMHURIYET in Turkish 11 Oct 82 p 6

[Text] The Kafaoglu team, which has been the target of open and veiled criticism from the private sector in the environment of uncertainty which followed the resignation of [former Deputy Prime Minister] Turgut Ozal, appears to be giving priority to meeting the demands of that sector. It is hard not to notice the parallelism between the measures already taken or to be taken in the near future and the demands voiced by the leading spokesmen of the private sector.

--The main demands of the private sector spokesmen--who endorse the 24 January [1980] decisions in principle but are unhappy about certain shortcomings in implementation--were listed by Turkish Union of Chambers Executive Council President Mehmet Yazar in his speech at the opening of the 37th General Assembly of the union on 11 September. In listing the "measures not taken in time though needed by the stability program," Yazar gave the first rank to the "healthy organization and functioning of the capital market." The first measures introduced by the Kafaoglu team after a long wait were in this area. Kafaoglu stated that the capital and the money markets will be separated and that interest rates could fall as a result of the increasing influence of the capital market on the financing sector. These statements were clearly along the same lines as Yazar's words to the effect that "the financing needs of the Turkish industry cannot be met by the banking sector at the point the Turkish economy is at this time."

--It is a fact that there were increasing complaints from the private sector--the industrialists in particular--about the influence of the banks in the financing sector and the functioning of the banking system. In response to these complaints, Kafaoglu made no secret that preparations for major changes in banking laws were under way.

--Second among the measures Yazar demanded was the amendment of the Assessment Law. Among the good news Kafaoglu gave to the private sector was the promise that the tax-exempt reassessment law would go into effect before the end of 1982, as demanded by the private sector.

--The "solution of the problem of declaration of wealth," an issue that occupied the third rank in Yazar's list, was also among Kafaoglu's promises. Thus, another demand recently voiced by almost every private sector spokesman has been put on the economic agenda at the promise level.

--Yazar's fifth-ranked demand about "bringing some discipline to current public expenditures" received at least partial response in Kafaoglu's draft budget for 1983. It is also a fact that Yazar's proposal for "reform in tax administration" ranks high in Kafaoglu's agenda.

--Other issues of immediate concern to the private sector in general and the industry sector in particular are those of currency exchange differentials and the rescue of companies in difficulty. Measures being prepared on these issues are expected to be announced soon.

It would not be an idle exercise to look at other demands made by private sector spokesmen to predict what issues the Kafaoglu team will include on its agenda. Included among these demands are: increasing export credits; measures to resolve the issue of unpaid promissory notes and checks; a review of the Social Housing Law such that the private sector will have bigger role in its implementation; the payment of government debts in time and the reorganization of the State Economic Enterprises.

Insuring compatibility between measures to meet the private sector's demands and the tight money policies of the stability program is a problem that worries the captains of the economy. The Kafaoglu team is also worried about the inevitability of gratifying one segment of the private sector at the expense of displeasing another segment.

9588

CSO: 3554/20

## TURKEY'S LARGEST PRIVATE SECTOR FIRM PROFILED

Istanbul DUNYA in Turkish 23 Sep 82 p 7

[Article by Erhan Key: "Turkey's Largest Private Business: Arcelik"]

[Text] Board of Directors

Chairman:	Vehbi Koc
Vice Chairman:	Rahmi Koc
Member:	Sevgi Gonul
Member:	Suna Kirac
Member:	Fred Burla
Member:	Yuksel Pulat
Member:	Metin Iplikci
Member:	Eyup Saray
Member:	Efdogan Karakoyunlu
Controllers:	Samim Seren
	Erdogan Tunca

"We began exporting in the 1960's, not a time when exports were booming." These are the words, not of someone who always misses the boat, but quite the opposite of Yusuf Atac, a deputy general director of Arcelik, a firm that has learned its way around market competition and operates on a basis of long-term strategies.

When the Istanbul Chamber of Industry announced "Turkey's 500," Arcelik General Director Unsal Anil had heard it first from us that his firm had ranked thirteenth as Turkey's largest private sector business in production and sales. When we asked Anil for his views and how they explained this success despite declining demand for durable consumer goods, the answer we got had been: "Because of our export performance in 1981."

Arcelik's exports for 1981 were 16.8 billion liras. Just as this is Arcelik's largest amount of exports in 1 year in its history, it is also a respectable figure by international standards. How has Arcelik achieved this success in the durable consumer goods market where competition is rather heavy? Where does its competitive strength come from? What is its approach to export strategy? These were the questions that, for us, needed answers.

## Key to Competition on Foreign Markets: Dynamism

When asked, "How did you come to comprehend the importance of exports as early as the 1960's?" Atac felt it necessary to recount the stages of Arcelik's development and the strategies adopted along the way. Let us hear it from him:

"Arcelik had sketched out its route at the end of the 1960's. It would produce only home appliances, and large investments were made for this. Then after defining this strategy, we made a second decision: One factory for one product. Before, triporters, [meaning unknown] gas heaters and combines were being produced at the Cayirova factory. Now one Bolu factory produces only water heaters, one Eskisehir factory produces only refrigerators.... Our most important reason for making this decision was to use advanced technology for assembly-line production and therefore reduce production costs. There was a cost difference between the Eskisehir facilities and the Cayirova facilities, for example. We saw that we could reduce costs with modern facilities and advanced technology, and be competitive with the quality and prices on international markets as well. Goods that we produce are not inferior to those that Italy produces. So why should we not sell abroad? We also believe there are advantages in the steady competition on foreign markets. One is dynamism, another is technology. We say, 'Let's keep technology advancing steadily.' But this is in conjunction with many things, looking at many things. It would be impossible in a closed Turkish economy."

Atac also gave an example to explain better their long-term approach to exports and the competition problem on foreign markets: "1979 was Turkey's best year for durable consumer goods. You could sell whatever you produced and you could even sell it at your own price. There was no profit in exports in those days because you had to compete against foreign prices. That is, a product you sold for a profit at home, you had to sell at no profit at the very least. We had \$6 million in exports at this time--approximately 30,000 items. Our home sales, however, rose to a record 220,000 items. We could have easily sold those 30,000 refrigerators at home if we had not exported them. Even if we had produced 30,000 more, we could have sold them, too, because it was a time when people were standing in line to buy durable consumer goods."

We could not help but ask, "Then why did you export the refrigerators despite all this?" Atac confidently explained that they should not have exported looking at the short term, but that it was imperative considering the long term. "Success in exporting durable consumer goods depends on getting established. Once you leave a market after getting established with your brand-name and quality, you cannot go back again. Therefore, if you have entry to those markets, you have to keep your shares growing. If we had halted exports in '77-'78 thinking we would make it up at home anyway, it would have meant failing to achieve the exports we did in 1981," he said.

Meanwhile, we learned from Atac that they are in the process of building a new automatic washing machine plant in Afyon. He said that everything was

ready for this plant to be built, they have the land, for which they obtained incentive certification, but excavation has not yet started. He explained that this factory will have an annual capacity of 250,000 washing machines.

Atac explained that according to their estimates this kind of demand neither exists at present, nor would exist for 5 years. "Therefore," he said, "we are building this plant primarily with the future in mind."

#### Heavy Competition

We discussed the status of foreign markets with Atac and Arcelik's chances to compete. "There is a glut of durable consumer goods in the producer countries," Atac said and explained that their biggest competitors in this area were the Western nations, including Japan and Korea, and the Eastern bloc countries. "The Eastern Bloc countries have no 'cost concept' to speak of. The state is the actor here and perhaps if 100 items are produced as a matter of policy, 50 are sold. But these countries cannot compete with us in quality. They will not be able, are not able, to sell their products on markets where quality is a little more important. As for the difference between us and the Western countries, it is a matter of both costs and amount of capacity," Atac said. Immediately here Atac complained about the difference in financing costs. "Export credits that cost us 32 percent come to 10 percent-12 percent in Europe," he said.

Atac then spoke of market competition and Arcelik's activities. "The home appliance market is an area where competition is very intense. When we bid on a contract, we find ourselves competing with 20 firms. Brazilian, Korean, Japanese, Italian. And we have to compete with firms whose supply costs are much lower than ours," he said.

#### Target West German Market

[Question] What are your active markets at the moment?

[Answer] We have gone into the Southern African and Middle Eastern countries. We are also trying to penetrate the West German market, the largest in Western Europe.

This step by Arcelik captured our interest and we wanted to know a little more about it.

[Question] Would you give us a little more information on your efforts to penetrate the West German market?

[Answer] First I must say this. The West German market is very hard to penetrate. You cannot do it without first getting quality certification, that is, getting this certification from Germany. We have this certification. We are now engaged in a series of price discussions. It is quite likely that we will begin exporting next year. This is a serious step for us, a giant step. The export figures will not be large at the outset. But penetrating the market is very important for Arcelik. This is first of all

a question of prestige. Secondly, it is a profitable business to sell on such a market.

[Question] So what kind of market share are you hoping for?

[Answer] Germany imports 800,000 refrigerators every year. If we could get a 5 percent-10 percent share--and this is a very long-term goal--it would be a very great success for us. That is, this is the share we would hope for.

[Question] What are your competitive advantages and disadvantages in southern Africa and the Middle East?

[Answer] These markets are where Eastern Bloc products are in demand, because buyers there are more interested in price than quality. The Eastern Bloc countries that cannot get into a West German market are staking out a claim here.

[Question] In that case, how do you overcome these disadvantages? With a low profit margin?

[Answer] One, with a low profit margin and, two, with no profit, that is, by recovering the cost.

[Question] Which is the rule today?

[Answer] It varies according to the market. Of course, what everyone wants is to make a profit. Our first rule is to hold profits to a minimum.

After discussing the status of the foreign markets, Atac could not resist mentioning the positive influence of exports on the home market. "Because we raise the rate of capacity utilization, large-scale exports absolutely reflect on domestic prices," Atac said, being careful to note, however, that it would be wrong to call it "price reduction." "We are saying that inflation in Turkey is far less than in 1977-1978, but it is still in the 35 percent-40 percent range. Which means there is a question of a like rise in costs. If we get the rate of price increases below this level, then this is a great success. It also has an impact, even if very small, on holding inflation down," he said. Arcelik's biggest market in the Middle East is Iraq, where it has exported 130,000 refrigerators. Atac says, "This is a considerable figure, if we remember that Iraq as a consumer block is about equal to Istanbul." Iran also was the recipient of 60,000 exported refrigerators from September 1981 to September 1982. Algeria comes in third with 40,000.

#### Brand-Name Impact on Consumer

The positive impact on marketing of a firm's producing under a variety of trademarks is not just something for the economics textbooks, but has proved to be of "infinite value" in practice as well. Many firms in Turkey today put out the same product under different trademarks. Arcelik produces refrigerators and other home appliances under the Beko, Crosley and

especially Aygaz trademarks. (As known, Arcelik discontinued the Hoover trademark not long ago.) Even though this is a well-known practice in the economy, we discussed it with Yusuf Atac in order to examine a concrete example and discover the benefits derived from producing under different trademarks.

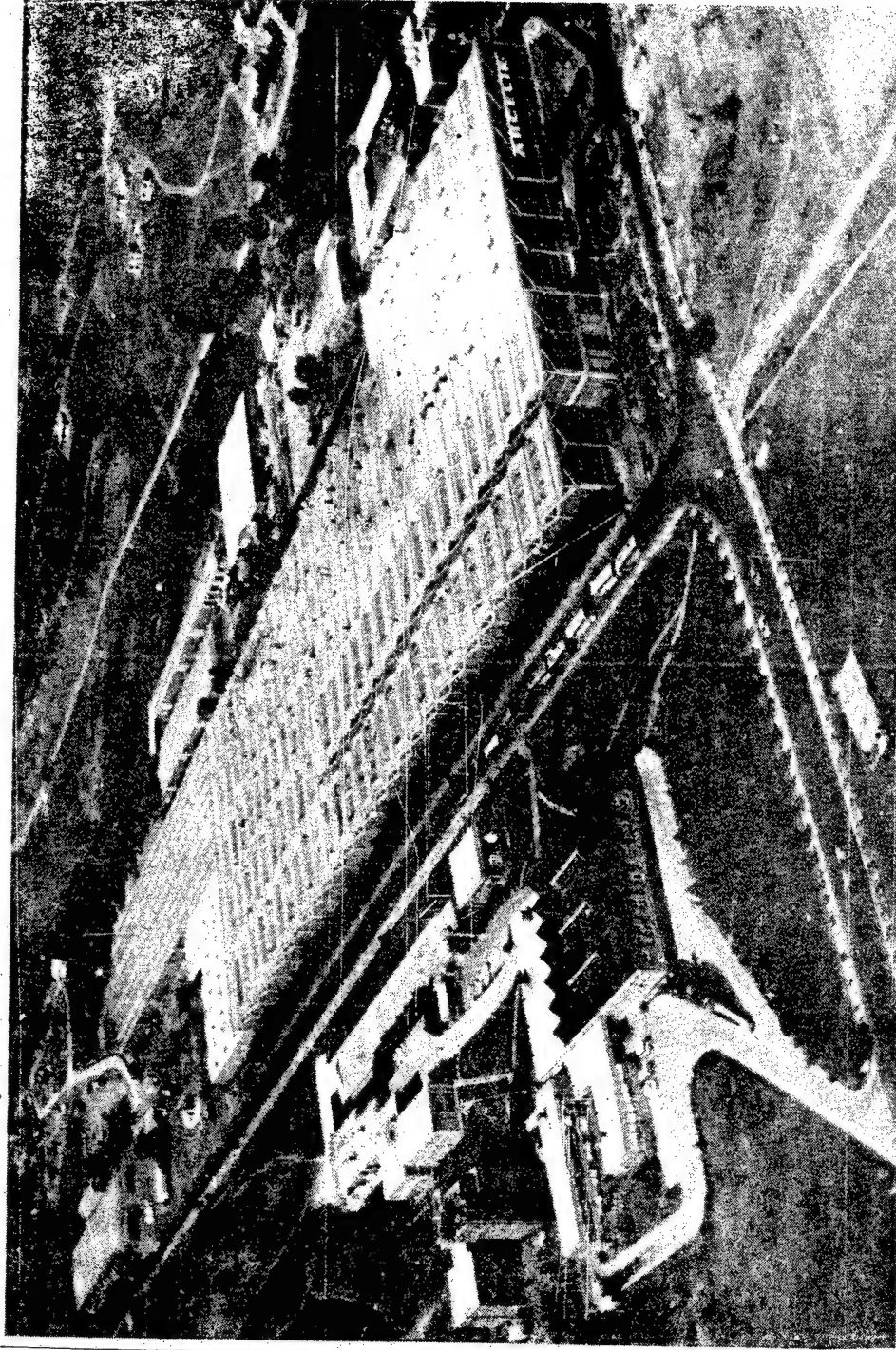
[Question] Why do you do custom production under different trademarks?

[Answer] Because these companies have different sales systems and sales channels. An Aygaz franchise has its organization and its customers. It wants to supply products to this organization under its own trademark. The consumer market that these firms appeal to is different from Arcelik's. That is, "a consumer who is used to that brand and likes that brand."

Atac explained that Aygaz came about as a potential in gas distribution and, in the process, the trademark gained reliability, therefore, ventured into the marketing of other durable consumer goods. Sales Director Utku Altug spoke up at this point in the conversation. Altug said that Aygaz bottled gas customers had to go to an Aygaz dealer once a month and this customer-dealer relationship was very important in marketing.

It is a well-known fact that installment sales play an important role in the market for durable consumer goods. Take a look at the board of directors' report to the regular Arcelik general meeting: "In 1981, our company has pursued a production and employment policy which combines two conflicting elements, the very real reduction in demand on the one hand and the ban or worker lay-offs on the other. For this reason, installment sales have regained vitality and impact in the marketing of home appliances which provide the basic needs and comforts of the public... Partial recovery of demand, vis-a-vis our increasing sales prices, was made possible by installment sales."

When we toured the Cayirova facilities, we asked about the effect of recent installment sales on inventories also. The managers seemed very happy about installment sales. Assistant Sales Manager Atilla Babat, who took us on the tour, said that inventories had been largely reduced owing to installment sales. But more interesting was that he would say this with unconcealed astonishment: "I believe this, that anything can be sold on installments in Turkey if the company is strong."



Arcelik Cayirova facilities were built before the "one factory, one product" decision was made. Refrigerators and washing machines can be manufactured simultaneously at the multi-purpose Cayirova Plant. In Arcelik's newly built factory, only one product is being manufactured using high technology mass production. Factory officials indicate that this is necessary in order to keep costs down.



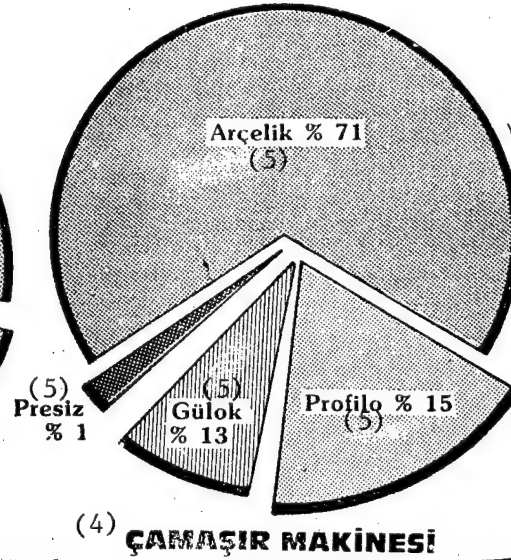
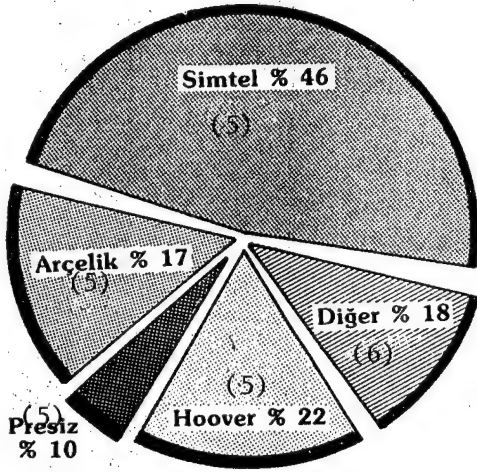
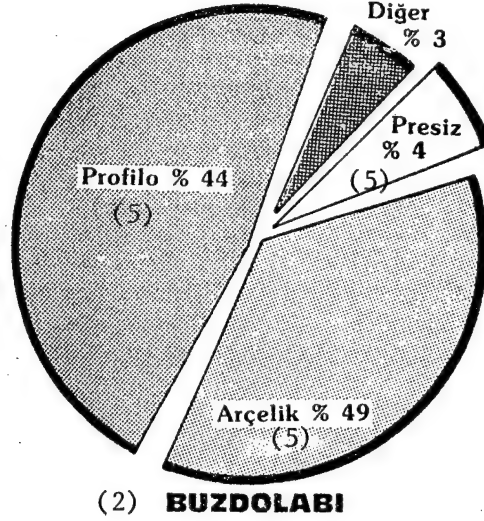
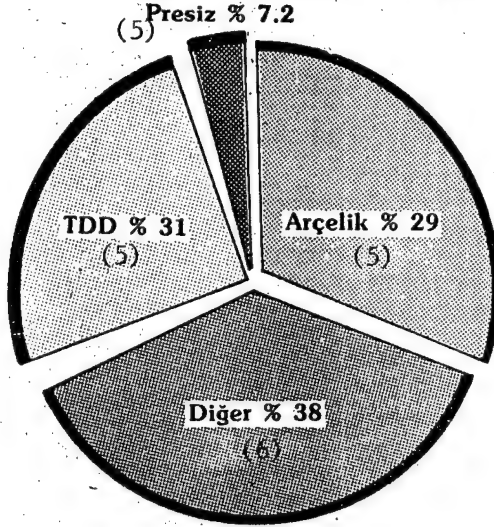
<u>Partners</u>		<u>Shares</u>	
<u>Name</u>	<u>Percent</u>	<u>Name</u>	<u>Percent</u>
Koc Holding	25.4	Turkish Electrical Industry Inc	39.96
Teknosan	22.4	Ram Foreign Trade Inc	12.5
Koc Investment and Industrial Products Marketing Inc	15.0	Bekoteknik Industry Inc	27.5
D.M.O. [expansion unknown]	15.0	Ozemay Inc	15.85
Koc Family	10.6	Ardem Inc	48.85
Koc Holding Retirement and Assistance Fund Foundation	6.6	Destek Inc	39.90
Other	5.0		

#### Operations

<u>Cayirova</u>		<u>Eskisehir Compressor:</u>	
Enclosed Manufacturing Area	30,000m <sup>2</sup>	Enclosed Manufacturing Area Capacity:	10,000m <sup>2</sup>
Capacity:		Compressors	600,000
Refrigerators	200,000	Hermetic motors	800,000
Washing machines	250,000	Izmir Vacuum Cleaners:	
Lavatories	50,000	Enclosed Manufacturing Area Capacity:	4,200m <sup>2</sup> 100,000
Air conditioning	12,000		
Eskisehir Refrigerators:		Bolu Water Heaters:	
Enclosed Manufacturing Area Capacity	31,000m <sup>2</sup> 400,000	Enclosed Manufacturing Area Capacity:	9,500m <sup>2</sup> 220,000

(Note: Capacities = items/year)

## 1981 YILI PAZAR HİSSELERİ



Key:

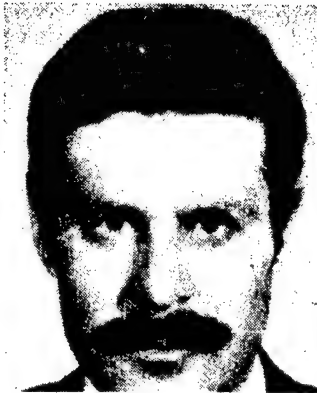
1. Water heaters
2. Refrigerators
3. Vacuum cleaners
4. Washing machines
5. Company name
6. Other



Unsal Anil

Unsal Anil was born in Istanbul in 1938 and is a graduate of the Advanced Commercial and Business Economics Institute. He has held various positions of responsibility with Arcelik Inc since 1962 and is now General Director.

Anil speaks English and is married.



Yusuf Atac

Yusuf Atac, deputy general director for marketing, was born in Istanbul in 1942. He took his advanced education at the Administrative Sciences Faculty of the Middle East Technical University. Over a period of 14 years, he has held highly responsible positions at Mototark Inc, Tofas Inc, Koc Holding Inc and Merkez Trading Inc. Atac speaks English and French, is married and has two children.

8349

CSO: 3554/12

## SURVEY GIVEN OF TURKISH CONTRACTING WORK ABROAD

Istanbul MILLIYET in Turkish 4 Oct 82 p 11

[Report by Kemal Balci]

[Text] Ankara--It has been announced that 148 Turkish contracting firms are currently operating in Middle Eastern countries and that the total value of their contracts is \$10.332 billion. It was also learned that 266 contracting firms have been licensed by the Ministry of Public Works to work overseas and that 300 more firms have applications pending for licenses.

According to information compiled by the Ministry of Finance, the number of Turkish contracting firms working overseas rose from 22 in 1978 to 148 as of the first 3 months of 1982 with a total of 156 individual contracts. The Ministry of Finance stated that the contracting firms are opening up to the Middle Eastern countries mainly as a result of the "economic condition of our country and the stagnation in the construction sector." It was announced that 85 Turkish firms, that is 54.4 percent of the Turkish contracting firms working abroad, are operating in Libya. There are 34 firms operating in Saudi Arabia and 22 in Iraq. The other firms are reported to be operating in Jordan, Abu Dhabi, Kuwait, Egypt, North Yemen and Senegal.

It is also reported that the total value of the contracts awarded to Turkish contracting firms overseas stood at \$10.332 billion as of the end of the first quarter of 1982. The Ministry of Finance reported that 77.5 percent of that total, that is around \$8 billion, involves work in Libya. Saudi Arabia ranks second with \$1.4 billion and Iraq ranks third with \$810 million. There was a large jump in the value of contracts obtained overseas in 1981. The value of overseas contracts rose from \$3.517 billion in 1980 to \$9 billion in 1981. New contracts awarded in the first quarter of 1982 amounted to \$1.28 billion.

Meanwhile, the total amount of advance loans and letters of guarantee extended to Turkish firms contracting overseas rose to \$1.629 billion. It was learned that of that amount \$1.174 billion was given for Libya, \$250 million was given for Saudi Arabia and \$173 million was given for Iraq.

The Ministry of Finance stated that Turkish contracting firms working overseas brought \$161 billion [as published] in foreign currency into Turkey in 1981. The Ministry of Finance noted that the foreign currency earned by the contracting firms is a candidate to become the third largest component in Turkey's current foreign payments after remittances from Turkish workers abroad. It was stated, however, that most of the foreign currency earned by the Turkish contracting firms is being spent to expand their machinery base and to meet other basic needs.

## LARGEST REPAYMENT ON FOREIGN DEBT UPCOMING

Istanbul DUNYA in Turkish 9 Oct 82 p 1

[Text] Ankara (DUNYA) -- The Central Bank's largest foreign loan payment will be due at the end of December, it was learned.

Approximately \$400 million in principle and interest will be paid at the end of December on loans which Turkey obtained from member nations of the Organization for Economic Cooperation and Development (OECD) and which were later postponed and on Exim Bank loans. Of the payments, \$300 million will go to OECD nations and \$95 million to Exim Bank loans.

Turkey's loans from OECD nations were postponed for 8-10 years according to agreements reached with the organization 1-23 July 1980. This agreement, known as the third postponement agreement, covered \$2.688 billion in state-to-state loans. Under the agreement, short-term guaranteed commercial loans contracted prior to 1 January 1980 and due by 30 June 1980, long-term commercial loans due by 30 June 1983 and state loans were postponed. Postponement for this portion was for 10 years with a 5-year grace period. The same agreement also brought under the scope of the third postponement agreement the loans which had been postponed by agreements signed in 1978 and 1979 and for which repayment of principle and interest was due prior to 30 June 1980, and these payments were postponed for 8 years. Annual interest and 10 percent of the postponed loans were to be paid within the 5-year grace period set by the agreements.

Under the terms of the third loan postponement agreement with the OECD, payments are due at the end of June and December each year. Loan payments of approximately \$300 million were made at the end of June. While another payment of about \$300 million is due to the OECD nations this time, a payment of around \$95 million is also to be made to Exim Bank. To enable itself to make these payments on time, the Central Bank has a program to create the accumulation of foreign exchange in "escrow accounts." At the end of September, there was a stock of \$1.0625 billion in foreign exchange available to the Central Bank.

The Central Bank will reportedly apply a quarterly program so that the payments are made regularly and to eliminate the consequences in real terms of the restricting effect on money issues. According to the program, short-term carry-over credits will be utilized if it is considered necessary. Also, the foreign exchange positions of banks will be used for the same purpose if necessary. Thought will also be given to the possibility of utilizing the medium- and long-term foreign borrowing opportunities, available to Turkey for some time now, to coincide with the payments.

The amount of the foreign debt that Turkey has to pay in foreign exchange has reached the level of \$12.795 billion. The portion of this debt to be paid out of the state budget was set at \$7.640.

According to the data as of 30 June 1982 in the rationale for the budget for fiscal year 1983 prepared by the Ministry of Finance, the largest entry in foreign loans to be paid in foreign exchange consists of state-to-state loans. Accordingly, the "foreign governments" total in foreign loans is designated at \$5.390 billion, with West Germany being Turkey's largest state creditor at \$1.889 billion. The United States is next in this category with \$1.6 billion. Then France and Britain are owed \$362.1 million and \$391.6 million respectively.

#### World Bank Debt \$1.738 Billion

In the loans Turkey has received from international institutions, the World Bank ranks first, being owed a sum of \$1.738 billion by Turkey. The European Investment Bank takes second place with \$459 million and other creditor institutions are listed as follows:

The European Resettlement Fund, \$318.8 million; the International Development Association, \$188 million; the International Finance Corporation, \$72.2 million; OPEC and the Saudi Development Fund, \$85.7 million.

According to Finance Ministry figures, of the total debt of \$7.6 billion that has to be paid in foreign exchange, \$4.7 billion must be paid out of the general budget, \$498.6 million by joint budget administrations and \$2.3 billion by the public organizations using the credits. Non-budget public sector debts, meanwhile, have had to be assumed by the Central Bank, the State Economic Enterprises and local administrations.

Meanwhile, the total debt in foreign-source credits used by the private sector is \$522.7 million. Of this amount, \$182.5 million is on the Turkish Industrial Investment Bank and \$340.2 million in various private businesses.

8349

CSO: 3554/31

## SEVIG EXAMINES TURKEY'S CHANGING EXPORT POSTURE

Istanbul DUNYA in Turkish 9 Oct 82 p 2

[Article by Veysi Sevig in the column "As We See It": "Structural Change in Sales Abroad"]

[Text] The structure of Turkey's sales abroad has shown a rather interesting change in the past 2 years. At first glance, one might draw the conclusion that the change in our exportation activities is an economically positive development in that a shift in the foreign market may be observed.

Europe was the only place where Turkey had a foreign market until the early 1980's, but in the past 2 years it has succeeded in penetrating the Middle East markets, and especially the Islamic countries, drawing on historic ties. Iraq is now in first place as Turkey's largest importer. It is understood from available data that exports to this country reached \$430.2 million by the end of July, while exports to Iran rose 180 percent over the same period in 1981.

Of the 10 countries to which we currently export the most, 4 are Islamic countries. Iraq's share of total exports is 14.6 percent. West Germany, which had been our largest importer in recent years, has fallen to second place. We have almost 1.5 million citizens living in this country. Despite this, an annual increase of 15.8 percent in exports to West Germany is not expected to materialize.

Exports to Libya among the Islamic nations declined 21.8 percent in 1982. Halting this decline depends alone on the outcome of bilateral talks and friendly relations. On the other hand, exports to Saudi Arabia among the Islamic nations has risen 121.4 percent.

There has also been a change this year in the products exported. Exports rose 30 percent in the January-July period over the same period last year, and the share of industrial products within that rose to 60 percent. Thus exports of industrial products in the first month [as published] of the year amounted to \$1.765 billion.

The developments of the first 7 months are pleasing. Especially when one considers the difficulty of penetrating the markets of the Islamic nations, the development takes on another layer of importance.

What may be considered the most interesting aspect of the positive picture emerging in our exports is the increased share of industrial products. This is because Western nations to date have constantly advised non-industrial development.

Despite all the efforts, however, our country's exports are not adequate. Our country is last among our neighbors in per capita exports. This is why export growth efforts must continue. But there are two things against us here, in the production of industrial products in particular.

Costs of industrial products in our country are high compared to other Western nations. Considering how low worker wages are in Turkey, one can easily see that something else is driving costs up.

Investments are down because of the practical limits posed by the economic stabilization measures. Declining investments mean minimum growth in industrial production in the future, a rather thought-provoking matter.

The positive outlook at the present must not comprise an expectation for the future. For this reason, it would be well to stress the measures which should be taken so that development is not choked off. Otherwise, today's pleasing picture may become meaningless and inadequate in the future.

8349

CSO: 3554/31



## CONSERVATIVE PREMIERS OF NORWAY, DENMARK FACE LIKE CHALLENGES

Oslo AFTENPOSTEN in Norwegian 30 Oct 82 p 3

[Article by Eivind G. Karlsen: "Common Challenges for Conservative Prime Ministers of Brother Countries--Conservative Goal to Protect Welfare"]

[Text] Denmark and Norway are confronted by a series of common tasks and challenges--from national security policy to unemployment and oil activity. This was confirmed when the prime ministers of the two brother countries, Poul Schluter and Kare Willoch, met yesterday in Oslo. It was hardly a coincidence that Schluter's first official foreign visit was to Norway. The two countries are in a fellowship of destiny, and their conservative heads of government have a common main goal of fighting unemployment and protecting social security. They are determined to protect welfare by giving it a more secure economic foundation.

But peace and security are the preconditions so that all such strivings will have full meaning. Schluter began his visit at NATO's Northern Command at Kolsas. For that and other reasons it was natural that the burning question of carrying out NATO's double resolution of 1979 and later council of ministers decisions stood in focus during the prime ministers' press conference yesterday afternoon.

They left no doubt that they both fought in their respective countries to keep broad and loyal support for active participation in NATO. That obviously includes the allied efforts to avoid more nuclear weapons in West Europe. That requires solidarity while negotiations are going on between the United States and the Soviet Union on medium range missiles. The price of only saying no--which could result in overwhelming Soviet superiority--the conservative leaders are not in any case willing to pay. Are the Social Democrats and others, when it comes right down to it?

Willoch and Schluter are furthermore very concerned with eliminating as soon as possible the dissonance and disharmony between the United States and its western allies on other subjects. The need to harmonize actions for trade with the East was emphasized.

Both Denmark and Norway are being hit by the international economic crisis, although to different degrees. A main reason for the difference is the colossal foreign debt which Schluter and his bourgeois coalition government inherited from Anker Jorgensen and his Social Democrats: 250 billion kroner! The bourgeois Danish four-leaf clover almost took over an estate in bankruptcy. The Norwegian Social Democrats had borrowed much less, thanks to the oil income. Willoch was therefore in better condition, even though oil is proving to be rather unsteady support for building political activity. Now the two neighboring countries are working and striving to get the wheels turning in the economy again. That is costing burdens and sacrifices, for which the conservative prime ministers are taking the consequences. But they would also be happy to share the benefits.

Now oil and gas resources--apart from the price fluctuations--are a large advantage for every country with a troubled economy. Today the Danes are also glimpsing greater possibilities in the North Sea. A deeply interested Schluter queried his Norwegian colleague yesterday about Norway's good and bad experiences in this area, especially with reference to organizing and bringing the oil ashore. Perhaps some oil income could more easily bring Denmark up out of the impasse?

These resources can also be one of several possible key words to the question of cooperation between Norway and the EC. Relations with the EC, where Denmark is a member and is the current president, were discussed by the two prime ministers. Willoch, at the state dinner at Akershus Castle yesterday evening, described Denmark as "the brother of the Nordic countries in Europe." In his turn, Schluter assured that Denmark would do what it could to see that Norwegian viewpoints will be heard and considered before the EC countries make their decisions.

What about Nordic cooperation and therein possible concrete conservative initiatives? Here Schluter referred to Willoch's suggestion made in Ribe earlier this year--that concerned freer capital movement, freer opportunities to conduct shipping business in other countries and coordination of data legislation--which he believed would be in the foreground during the next Nordic prime ministers meeting, to take place in Oslo on 30 November.

The need for better foreign exchange cooperation between these two countries received special emphasis because of the recent strong Swedish devaluation. And Willoch and Schluter would prefer that nobody try to copy Olof Palme's thundering return to government.

A little apropos to that: both Swedish and Danish kroner fell in value in Norway yesterday, the latter by 35 ore.

Prime Minister Schluter will nevertheless travel home to Copenhagen tomorrow, well knowing that he and his Conservative Party have not fallen in value. On the contrary, since the election in December of last year they increased

their voter support from 14 to 26 percent! This is a very impressive advance, even more so since it has not been many years since the Danish Right came ominously close to the cutoff limit of 2 percent for representation in the Folketing.

Poul Schluter's coalition government differs from the Willoch government in that it is not based on a majority.

Even if Norwegian bourgeois cooperation can cause problems, the Danish prime minister here also had reason to envy his Norwegian host yesterday--besides admiring his political "model."

The two are rather different in form, but they have in common that they are going vigorously about their serious tasks with all-out effort. And that must certainly be done if Denmark and Norway are to see safer and brighter days ahead.

9287

CSO: 3639/20

## MAGAZINE LOOKS AT CONFUSION OVER 'ARAFAT INVITATION

Helsinki SUOMEN KUVALEHTI in Finnish 8 Oct 82 pp 56-58

[Article by Antti Blafield: "The Administration's School for Deaf-mutes"]

[Text] When the prime minister and the minister of foreign affairs speak to each other only through the news media, then Yasser Arafat cannot be blamed for the sullen lack of communication between them, which is nothing other than a foreign policy power struggle.

When the administration includes a prime minister who considers himself, because of his abilities and experience, to be more qualified than the foreign minister, and a foreign minister who has been presented with the opportunity of a lifetime to demonstrate that he is a political heavyweight, it is not at all surprising that the representatives of foreign powers should wonder who manages foreign policy.

Kalevi Sorsa originally wanted to become foreign minister himself. However, when it became clear that Paavo Vayrynen would not agree to allow any Center Party member other than himself as prime minister, it became clear also that Sorsa could not become foreign minister.

When Sorsa was unable to become foreign minister because of the difficulties presented by Vayrynen, he in turn presented difficulties to Vayrynen, so that Vayrynen could not become foreign minister either.

Since Vayrynen could not become foreign minister because Sorsa was making difficulties, Vayrynen made difficulties in turn for State Secretary Matti Tuovinen, whom the Social Democrats considered a Center Party member suitable to be foreign minister, suitably colorless and adequately expert to support Mauno Koivisto.

When it became clear that Matti Tuovinen would not become foreign minister, attention turned toward other center groups or, practically speaking, to the Swedish People's Party. Since the foreign policy "grand old man" Jan-Magnus Jansson of that party was unacceptable to Mauno Koivisto, there remained the party chairman, Par Stenback.

Koivisto therefore selected a compromise candidate as his foreign minister, and Sorsa, who prior to the presidential election had announced himself as foreign policy guarantor for Koivisto, was selected prime minister.

Now Par Stenback is describing Sorsa's behavior as "grotesque" and states that Sorsa is in process of taking control of foreign policy; it is not surprising, when the circumstances of his appointment are viewed, that he does so.

Par Stenback entered the offices of foreign minister on the second floor of 2 Ritarikatu under quite difficult conditions, which also offered him excellent opportunities to consolidate his position. Upcoming was the replacement of the highest echelon of officials.

Up to the presidential election, chief Keijo Korhonen of the political section, who had been named political assistant state secretary in 1977, had been managing affairs directly with the president, by passing the foreign minister. Korhonen's brusque personality and unquestioned position of trust with Urho Kekkonen had made him a man of strength in the Foreign Ministry.

Korhonen's strong position was a source of friction in the Foreign Ministry hierarchy. Because the assistant state secretaries and the negotiating officials do not belong to the party line organization, they bypass other officials to the extent that the political base allows. In the case of the Center Party, the base allowed.

Korhonen's position was strengthened even more by the fact that Klaus Tornudd, a soft-spoken university gentleman who, on the second floor of the Foreign Ministry was termed as being "too polite," was chief of the political section. The political assistant state secretary assumed a portion of the authority that belonged to the chief of the political section.

When Stenback became foreign minister, Korhonen was appointed Finnish ambassador to the United Nations in New York, and Klaus Tornudd, an acting professor of political science at Helsinki University, was named as his replacement.

Richard Muller, the actual leader of the Finnish delegation at the Madrid CSCE, was named chief of the political section, and Jaakko Blomberg from Sorsa's neighboring district, who had been the number two man in the United Nations representation, was named assistant section chief.

After these appointments Korhonen's position weakened. It weakened because Koivisto was now president and Korhonen began making preparations for his move to New York. Korhonen became even more of an outsider.

As a result of this development, the political section chief gained new status, status that the officeholder has traditionally held. Muller is trusted by Stenback and they collaborate closely, according to views expressed in the Foreign Ministry. It is conjectured that Muller is seeking to consolidate his position before Tornudd assumes office as assistant state secretary. It may happen that the power relation between the assistant state secretary and the political section chief will again tilt in a different direction.

That is the way in which Stenback gained a firm hold in the official machinery through a round of appointments. He directs the Foreign Ministry and is esteemed within the ministry.

Stenback's image of strength was strengthened also by the fact that he established an intimate connection with the president. The foreign minister and the prime minister confer as a twosome at least once a week, on Mondays, when they go through the important issues before the Foreign Ministry.

Also pleasing to Stenback is the fact that Koivisto turned logically for support to the Foreign Ministry in issues concerning foreign policy, rather than to Social Democrat experts, as had been feared on Ritarikatu prior to the election.

Koivisto's involvement in the structuring of the Foreign Ministry caused this ministry to accept the new president with considerable loyalty. Its officials experienced the feeling that they were presidential favorites, without regard to party affiliation.

Prime Minister Sorsa has been active in foreign policy matters, however. Already during the time when appointees to the administration were being named, he made a statement in which he self-assuredly reserved to himself the right to become involved in foreign policy matters as well. In fact, he very early granted an interview to SVENSKA DAGBLADET in which he announced that in his opinion there can be no alleviation of tensions as long as Ronald Reagan occupies the presidency of the United States. The statement was interpreted as an official criticism, and it caused Ambassador Keith Nyborg to visit the prime minister to explain the basic foreign policy principles of the present administration in the United States.

Sorsa also had at his disposal his own foreign policy advisor group consisting of presidential foreign policy assistant Jaakko Kalela, Helsinki University international politics professor Raimo Vayrynen, Foreign Policy Institute director Kari Mottola, Abo Akademi state jurisprudence professor Allan Rosas, Social Democratic Party international affairs secretary Pentti Vaananen, and Jaakko Blomberg. Sorsa took Vaananen with him into the offices of the prime minister from the party offices.

With the assistance of this counseling guard Sorsa began to pressure the Foreign Ministry into new ventures. These include one that is close to Sorsa's heart, which is the idea that Finland and Sweden should announce jointly that they comprise a nuclear-free zone. The idea was originally proposed in 1980 by the Swedish disarmament activist and diplomat Alva Myrdal.

#### Stenback Torpedoes Sorsa's Ventures with Presidential Support

Stenback crushed these ventures originating from outside the preparatory machinery of the Foreign Ministry even before they became public. He had decisive lateral support from Koivisto in this.

Sorsa, who is just as meticulous about his prestige as Stenback, took offense at this and by late spring 1982 the prime minister and the foreign minister were not talking to each other at all. Finally Stenback broke the deaf-mute school proceedings and sought to make amends.

But the tug of war between the foreign minister and the prime minister would not abate. Since late summer Stenback had the intention of making an extensive speech about the position of the United Nations. Much care and long hours were spent in the Foreign Ministry in the preparation of this speech, which was to be Stenback's first extended foreign policy speech. However, one day before he was to deliver it Sorsa spoke on the same subject, even using many of the expressions from Stenback's speech.

During September 1982 Sorsa made a showy trip to Austria, where the discussion with Chancellor Bruno Kreisky drifted to the Near East. Sorsa perhaps found it necessary to talk more about foreign policy than he had originally intended.

Sorsa's showy trip irritated Stenback who had just returned from the opening event of the Scandinavia Today campaign in Washington. While there, he was accorded the honor of speaking for the Nordic countries at the National Press Club. His trip was somewhat overshadowed by Sorsa's trip.

Then came Monday, 20 September, the scheduled day of the meeting of the administration Foreign Affairs Committee. This Committee is chaired by the prime minister. Sorsa has made this body into a tool for his activities in foreign politics. This Monday, in addition, he considered it appropriate as the first order of business to berate Stenback for not denouncing the massacre in Beirut soon enough. Stenback was forced to accept this browbeating in the presence of the highest officials of the foreign ministry. The discussion then turned to the inviting of PLO leader Yasser Arafat to Finland. One of the possibilities that Sorsa suggested was that chairman Johannes Virolainen extend the invitation to Arafat. Stenback remained quiet, and Sorsa interpreted that as an indication of assent.

Following this Virolainen made a telephone call to Sorsa from the meeting of the IPU [Interparliamentary Union] in Rome. He asked Sorsa to find out whether the president had any objections to the holding of the next general IPU meeting in Helsinki. They talked also about the possibility of Virolainen inviting Arafat. Sorsa relayed both of these messages to the president, who had no objections to either proposition. Sorsa could well have given him an overly, one-sided picture of the Foreign Affairs Committee meeting, in the opinion of some foreign ministry officials.

Stenback was not informed about Sorsa's message-relaying activities until afterward, and he felt hurt and humiliated. Since President Koivisto has urged open discussion of foreign policy, Stenback had no compunction about expressing his irritation, even on television. The deaf mute procedure again went into effect during which the prime minister and the foreign minister communicated through the news media. The matter was aggravated all the more when Stenback went to the UN opening session in New York where he expressed his irritation in even more pointed terms to the HELSINGIN SANOMAT correspondent.

Both then came to the realization that they had gone too far and staged a withdrawal. Sorsa held his peace and Stenback softened his expressions.

The quarrel about inviting Arafat is in no way the responsibility of the Foreign Affairs Committee or of the operations of the Foreign Ministry. Should the parliament, or some group within it, extend an invitation to some person, then the Foreign Ministry has no formal reason to become involved in the matter. For that reason Stenback was on quite weak ground in expressing his irritation. Sorsa is under no obligation to report to the foreign minister the conversations that may take place between the chairman and the president. That was noticed also by Stenback, who remarked that the matter is not any business of the administration or its Foreign Affairs Committee.

The quarrel does not involve Arafat, only the position of the Foreign Affairs Committee. Sorsa would like to have things arranged in such a way that it would occupy an essential function in the foreign policy decision-making process. If that were so, then the prime minister would stand between the foreign minister and the president in decision-making. That way he would also have access to all the information of which decision-making is based.

During Urho Kekkonen's presidency the position of the Foreign Affairs Committee was mainly to confirm political unanimity in foreign policy issues of larger scope. Paavo Vayrynen in particular used the Foreign Affairs Committee as a backup in the event of a sudden flare-up about Tamminiemi.

In making the appointments to the present administration, Koivisto made it clear that the administration's share in the managing of foreign policy is to be strengthened. Its position has been strengthened also by the fact that the president has refrained from involving himself in its affairs.



The fact that Koivisto personally reported to the foreign Affairs Committee upon returning from his working trip in the Soviet Union also served to increase the prestige of that body.

The confusion about the Foreign Affairs Committee has been increased however, by the fact the committee is required to take a stand also on ventures originating with officials other than those on the committee. One such source of ventures is the Social Democratic Party, and another is the disarmament work group of the Socialist International, which is directed by Sorsa. Also observed with interest on Ritarikatu is the method by which Johannes Virolainen will seek to promote the position of the IPU and increased activity in the field of international policy. Finnish foreign policy is now made in bodies in which the Foreign Ministry has no possibility of controlling.

In addition, there are the visits by ministers, which are made as ministers and also representatives of their parties. The most recent confusion arose in connection with Kim IL Sung's 75th anniversary during which minister Kalevi Kivisto visited in North Korea as a representative of his party. The distinction between the roles can be likened to a line drawn on water.

The recent Arafat quarrel has put Stenback in a vexing position. He was shown to be wrong in his arguments, and that must weaken his prestige. Foreign representations are already inquiring about whom they should maintain communications with.

The outcome may well be that, after 30 years, the prime minister may again attain a position in the management of foreign policy. That is what Urho Kekkonen also strived for.

This picture may be strengthened further by the projected trip by the Social Democratic Party delegation to Moscow under the leadership of Sorsa during October 1982.

In the meantime Par Stenback may have need to familiarize himself with Finnish-language adjectives and the nuances in their meanings. He could begin, for instance, with the adjective "grotesque". Said one of Stenback's party cohorts, "I actually had to look it up in the dictionary to find if it really means what I thought it did."

Caption above two photos: "Par Stenback, young and bypassed; Kalevi Sorsa, experienced and wrongly treated."

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CSO: 3617/13

## REPORTAGE ON REGIONAL COUNCIL ACTIVITIES

Cayenne LA PRESSE DE GUYANE in French 28 Aug. 82 p 1

[Text] A special meeting of the Regional Council was held on Thursday evening. The agenda of the elected council members included: aspects of planning in Guiana. The two reports examined--a pilot study of the cultural action plan and the preliminary report on the regional development plan--were adopted unanimously. Six council members, Messrs Brune, Bellony, Jean-Louis, Massel, Ho-A-Chuck and Patient, did not attend the meeting. Dr Lecante expressed his regret "concerning this massive absence of right-wing councilors, except for the presence of the independent colleague Catherine and Leon Bertrand."

Before getting to the heart of the matter, the chairman of the Regional Council resituated the establishment of regional planning in its respective context. "Guiana has undeniable assets ... but until now it has lacked: a reference plan for society, a political will assuring its implementation and an institutional framework."

These three conditions will soon be met and will make possible Guiana's real development. According to Georges Othily, "the plan is more necessary than ever; a child of periods of crisis, it is a response to periods of crisis, consisting of not accepting the crisis .... It will have to be a harmonious arrangement of these economic and social factors and territorial communities."

In response, the commissioner of the republic stated: "The proceedings which you will carry out are the first regionalized expression of the government's intended decentralization policy. Based on that policy, we will see local government and central government rise up side by side. The cooperation to be established must be candid and productive."

The council members then went on to examine the pilot study of the cultural action plan. After noting the remarks of the ad hoc committee, they unanimously approved the study, but not without Elie Castor expressing his disappointment over the opinion issued by the CES [expansion unknown] 3 weeks ago "following a superficial study."

Dr Lecante was also given the opportunity to request the establishment of a commission "for social safety," to solve the problem of rising crime "resulting from poorly controlled immigration into Guiana."

"To speak of culture," he said, "is to speak of community life. But disorderly groups and gangs, creating the conditions for crime and threatening the security of the country's inhabitants, are developing more and more in Guiana."

Another concern of the councilor from Montsinery-Tonnegrande, which should be the subject of the commission's proceedings: "The increase in drug consumption." Six council members volunteered to participate in this work group: Messrs Adelson, Barrat, Bertrand, Castor, Holder and Lecante. The commissioner of the republic in turn assured "that the administration would lend its full support to this initiative."

The second half of the meeting was devoted to examining the preliminary report on Guiana's regional plan for the years 1984 to 1988.

The plan is intended to promote real development in Guiana. The drafters of this document of approximately 40 pages have therefore defined three principal goals: the establishment of a productive economy, with efforts focusing on agriculture, livestock breeding, small and medium-size businesses and fishing; the reduction of foreign dependence, particularly in the case of energy; greater participation of Guianese in the development of their region.

In order to be achieved, these plans will require an improvement in the level of transportation and research.

The key to this development: forestry; it was also at the center of last night's discussions. In explaining the position of his group on this matter, Jean Catayee said: "We favor local processing of rough timber." Concerning the mode of exploitation--natural selection or clearing followed by replanting--according to Jean Catayee, it is "still too early to give an answer." The director of the ONF [National Forestry Office] also pointed out "that reforestation research was only in its infancy and that it would be necessary to be patient."

The RPR [Rally for the Republic] councilor, Leon Bertrand, then cautioned the drafters of the document: "Your proposals, to which I am not opposed, are very ambitious and may be deflected from their goals when they are submitted to the national planning commission (in which Mr Georges Othily will participate) and when the matter of financing is discussed."

According to Leon Bertrand: "Few proposals will be kept and this document, above all, has an election purpose aimed at deceiving the Guianese."

In particular, Leon Bertrand made four criticisms: "The reasons for the failure of previous plans have been poorly analyzed; how to find investors in the present economic situation; how to steer the Guianese toward the private sector considering the disparity of wages from the public sector; finally, the problem of infrastructures is insufficiently resolved."

Concerning the economic situation, Georges Othily replied: "It's not our fault if the philosophy to which you subscribe is anxious to spread the threat of layoffs among the population." As to the wage gap, the chairman of the Regional Council urged Leon Bertrand to set an example by resigning from public office ....

Before Georges Othily adjourned the meeting, Elie Castor, referring to Air France's decision to eliminate a direct Paris-Cayenne flight, expressed his wish that the Regional Council issue a protest with the company.

In the view of Andre Lecante, it is necessary to seek out other airline companies without delay and review the matter of the monopoly.

11915

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## NEW PREFECT SILBERZAHN INTERVIEWED ON VARIOUS TOPICS

Cayenne LA PRESSE DE GUYANE in French 1 Sep 82 pp 1, 3

[Interview with Claude Silberzahn, prefect of the Overseas Department of French Guiana, by Christophe Tezier; date and place of interview not specified]

[Text] "One of my main missions is to set up the new institutions," the new prefect of the Guianese region, Mr Claude Silberzahn, said during the interview which he graciously granted to LA PRESSE DE GUYANE.

The first stage of this mission is the single-assembly plan: "A sensible response" to the extravagant situation of two assemblies coexisting in Guiana within the same territory.

The bill, which became law in a referendum, followed by "municipal" elections a little later, awaits the Guianese at the start of 1983. The prefect announced the tone: "reestablishment and reinforcement of democratic life in Guiana." In this regard, a comprehensive campaign of information and education will soon be launched.

The single elected assembly, the second adopted aspect of decentralization, will institute a new political-administrative "landscape" which should make possible Guiana's real development.

This economic expansion, together with social problems, will be the subject of a second interview.

Christophe Tezier: My first question will naturally be related to recent political events. Your appointment to Guiana occurred almost at the same time as the government's decision to establish the single assembly, followed a few days later by publication of the draft law. Is it possible to see a cause-and-effect relationship therein and have you come to Guiana, above all, to carry out decentralization?

Claude Silberzahn: Not exactly "above all," but certainly "first and foremost." One of my basic missions is, in fact, to set up under the best conditions the new institutions which DOM [Overseas Departments], and specifically Guiana, will have. I therefore clarified for elected officials, before and during the General Council meeting of 28 July, the legal and technical aspects of the text submitted to them and provided them with a somewhat personalized clarification of the government's intentions.

Christophe Tezier: In this regard, the legality of your intervention in this debate has been called into question by a political official, who has even announced that he would file an appeal. What is your position and exactly what is the legally authorized extent of intervention?

Claude Silberzahn: The appeal has been filed and it will therefore be up to the judge to rule on the legality of my intervention. As for me, there was obviously no doubt about that. Every elected official, here as elsewhere, and every citizen has always heard the government's representative explain and justify the government's policy to assemblies. In this connection, the law concerning decentralization has changed nothing. Its terms are clear and decree that "by agreement between the chairman of the General Council and the government's representative to the department, the latter shall be heard by the General Council."

I definitely received a letter from the chairman of the General Council inviting me to participate in the departmental assembly's meeting.

Christophe Tezier: Were you surprised by the result of the vote?

Claude Silberzahn: Absolutely not! I knew that there was a majority of elected officials in favor of the plan and that slogans originating elsewhere would not be strong enough to prevent that majority from expressing itself when the time came to vote. Thus this result absolutely does not have the historical aspect which some people wished to attribute to it.

The Single Assembly: "A Sensible Response"

Christophe Tezier: Some people see the start of a process of "layoffs" in this draft law. According to them, due to the lack of financial resources to contribute to real development of DOM, the government will make up for this lack by recommending this new political-administrative structure to elected officials. During this debate, did you affirm that there was no pitfall in this draft law?

Claude Silberzahn: Listen, the problems are already complex enough in themselves without further complicating them with making a case based on assumptions and not facts.

I therefore repeat: The single-assembly plan is simply a response to the extravagant situation of DOM, which had two assemblies, composed of practically the same men, meeting within the same territory to deal with the same problems. The single assembly is merely a sensible response to a situation which has merely been noted as well.

A specific situation must have a specific response. For decades, the Guianese have demanded solutions appropriate to their own problems. They reacted wisely when the government, on the institutional level, proposed a solution for them. Just as under the previous administration, a different government did so on behalf of Paris, wherein a single assembly had the dual role of Municipal Council and General Council. Just as the Corsicans were offered, some time ago, a

system appropriate for them. And all of that is part of decentralization, which normally involves the disappearance of the uniqueness of the institutional model for administration of local affairs.

Thus it seems absurd to speak of financial disengagement under these conditions.

Actually, the single assembly will overlap with the legal entities of the department and the region. Which clearly means that any change in legislation and resources to be made in the future by the departments and regions of the nation as a whole will automatically be carried out in Guiana. So where is the pitfall?

Guiana will remain a department; it will remain a region. It will simply have a single assembly, a consistent and effective means of managing this department and this superimposed region which is Guiana.

Christophe Tezier: In regard to the name of this assembly, elected officials have decided in favor of a slight change and have also said that they wanted it to have 31 elected officials.

Claude Silberzahn: Dr Lecante is right: "General and Regional Council" is not very elegant. But be careful! For the reason which I mentioned previously, care must be taken so that the idea that Guiana is and remains a department, is and remains a region, does not "disappear" as a result of vocabulary!

For example: The second aspect of the law on decentralization will be debated in parliament next year: and it specifically stipulates that with any transfer of national jurisdiction to the region or the department, there will be a corresponding transfer of resources required for its implementation.

Thus if the doctrine that Guiana is and remains a department and a region is not clearly formulated or articulated, won't some people have a tendency to say that perhaps, after all, this principle would not apply in its case ...?

As for the number of council members, I don't know the exact origin of the figure of 31. I think I heard it said that since Cayenne had 31 municipal councilors, all of Guiana could not have any less!

Actually, according to the new draft law to be voted on in the municipal elections, Cayenne will have 39 council members ....

As for me, I believe that an assembly must have a sufficient number of members, which is a prerequisite for being able to derive a majority therefrom more easily, and that a figure between 30 and 40 seems quite reasonable to me.

#### Educational Campaign Prior to Elections

Christophe Tezier: Whatever the case, this draft law will certainly be adopted by parliament in its next session. The elections are scheduled for February. A month later, the voters will go back to the polls for the "municipal" elections.

What measures do you plan to take to prevent Guiana from reliving the events of last April?

Claude Silberzahn: That is a serious question, since it involves, both domestically and abroad, the credibility of democratic life in Guiana. And I will strive to see that it is reestablished and then reinforced.

First, by an educational program: Beginning this fall, we will launch a campaign concerning the first electoral operation, which has just begun and which is the revision of election rolls. This will consist of clearly informing all citizens of this department and all its officials, both elected and socioprofessional, of what the revision of election rolls entails, what are each one's rights and, I may say, basically, their duties.

We will continue this educational program on the level of voting operations themselves, that is, the citizen's visit to the polls, his entrance into the polling booth, verification of his identity and his registration on the rolls.

And we will not neglect vote counting operations. For all of that, we will hold working sessions with the chairmen of polling places, assistants, roll representatives ....

This educational campaign will be combined with verification of legality and naturally the establishment of a system for maintaining public order, which is my own responsibility, utilizing all the necessary means.

But I am convinced that all of the representatives of Guiana's various political factions will conduct themselves in such a way that the use of such means will not be necessary. The honor of our department, and thus that of its political officials, is at stake.

#### A New Political-Administrative "Landscape"

Christophe Tezier: Following the elections for the single assembly, will the political and administrative "landscape" be changed profoundly?

Claude Silberzahn: Considerably! But starting now, the prevailing ambiguities in Guiana concerning this matter must be eliminated. At that time, there will be an authority arising from the local popular will and an authority arising from the national popular will, side by side. Simply stated, a president and a commissioner of the republic, each with his own territory.

The president, who will be elected by the assembly, will be its executive: With his own departments and those of the government that will have been placed at his disposal, he will handle the adoption and implementation of the budgets of the region and the department, or an amount of approximately 340 million francs. And he will exercise the current powers of the department and the region.

The prefect, the commissioner of the republic, in turn will be the vigilant guardian of respect for law and public order. He will retain authority over government departments (except in the case of tasks which they will carry out for the single assembly) and the financial resources required to implement



government policy within the jurisdictions, unchanged for the time being, of the various levels of responsibility.

Coordination of the actions of the central government and local government will not be a slight task .... It will obviously require a climate of open cooperation. And, I dare say, a friendly one, uniting the various protagonists of this new process, which will be on a contractual basis. We will come back to this when we explain, prior to the elections, to the single assembly what its institutional stake will be.

And again later on, when the second aspect of the law on decentralization is debated in parliament; this second aspect will concern the new distribution of powers among the government, regions, departments and communes.

But until this second stage, a new "deal" will be dealt. It will be up to the Guianese to figure out how to play it and to show that they can take full responsibility for a significant share of their future.

Christophe Tezier: You give the impression, even beyond the government's directives, of being personally committed to this affair! Is this true?

Claude Silberzahn: This is not just an affair. It is much more than that. Decentralization is an opportunity for Guiana, as for each DOM. I'll let you in on a secret: It is impossible to be an Alsatian, like myself, with a protestant background and ethics, without basically supporting the principle of never assigning to a larger entity what can be done by a smaller one .... And without being convinced that, above all, everyone's unique features should be pursued, since collective wealth is only the result of everyone's specific features. Don't forget that--as Denis de Rougemont recently recalled--among Calvinists, the church is, in practical terms, a federation of parishes ....

11915

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## DISAPPROVAL OF 'POLITICAL FRONTS' EXPRESSED

Athens MESIMVRINI in Greek 23 Oct 82 p 1

/Editorial: "Disapproval of 'Change'"/

/Text/ The defeat suffered by the governing party last Sunday during the first round of the municipal elections had multiple meanings. It also constitutes the beginning of many developments. It is, however, doubtful if today --with governmental fanaticism and opposition passion that clash and that, instead of diminishing, is increasing-- there are many who are capable of appreciating calmly and correctly one indisputable fact: that PASOK suffered its first hard blow at the hands of the people following its electoral triumph exactly a year ago. There are even fewer who are disposed to seeing the real reasons and to conjecturing about further consequences.

The size, extent and severity of the blow against the government was not expected by either PASOK or New Democracy. The shrinkage of PASOK's electoral strength by 20 percent and more in only a 12-month period was three or four times greater than the usual decrease (loss or damage) and disappointment (complaints or displeasure) that comes with the exercise of power. Neither can PASOK's decline be attributed to the militancy and precision with which New Democracy, as the honorable opposition, functioned during that time. Public opinion, to the contrary, attributed to this great party a lack of those qualities during the accomplishment of its role.

Moreover, the two big parties appeared not to have suspected --or to have even been aware a posteriori of its political import-- the impressive rise of both KKE's. Of course, their debilitation resulting from the savage disputes between them and their tireless effort to staff the local administrations' offices with the greatest possible number of their own mayors, community council heads and advisers, through the cover provided them by "Change," is clouding the political picture in many ways. When, however, post-electoral reverberations with propagandistic boastings from both sides finally subside, there will then begin to appear those political phenomena that will give "Change" another color.

On the eve of the second round of these important elections, rough analyses of the first results are as hazardous as the forecasts of the final ballot box returns. And not unjustly are they construed as impermissible byzantinism. Both time and calmer study is needed for accurate and useful analyses. However,

neither is there time left or calmness needed for decisive participation in tomorrow's critical political game. To the contrary, what is needed is a direct and clear positioning on the dilemma that rightly or wrongly has come about through the reshaped political reality: yes or no to front groups?

Frontal confrontation vis-a-vis personalities and liberal principles is, let us not delude ourselves-- a fact. The government party and those opportunists more leftist than it or those not cooperating with it, no matter how much they are ashamed of mentioning it, have "rallied together" (even though they did not wish to do so) into a popular front. A front against all who question not only the need for but the putting into practice of (as it is painfully being put) "Change." Tomorrow is yet another --the greatest-- opportunity for expressing disapproval of this wavering policy (besides other dangers that it encompasses).

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CSO: 3521/50

## COMMENT ON PAPANDREOU-KARAMANLIS 'HISTORICAL COMPROMISE'

Athens ELEVTHEROTYPIA in Greek 24 Oct 82 p 4

/Commentary by G. Votsis: "The Greek-Style 'Historical Compromise' Undisturbed"/

/Excerpts/ More and more often over the past few weeks, Prime Minister Andreas Papandreou has been finding the opportunity for making some "laudatory mention" of President Kon. Karamanlis.

In October alone, at least four such instances can be noted.

Assuredly, it is not fortuitous that the prime minister's frequent public references to the president of the republic has coincided with some increase in the behind-the-scenes rumor that "their relations are going through a period of coolness" and "some kind of crisis is smouldering."

A rumor that began in the beginning of summer by way of the outspoken allusions against the government made in a speech by the president of the republic --as regards the orientation of foreign policy and political activities within the armed forces.

The rumor was also recently fostered by the following:

-By Kon. Karamanlis' known annoyance over the "politization" and the television coverage of the opening ceremony of the Pan-European Games.

- By the disclosure by certain circles that the president of the republic favors (and so expresses it) moves for the formation of a Center-Right political grouping. And especially:

- By Kon. Karamanlis' given disagreement with certain government measures, as, for example, the "slashing and cleanup in the /Ministry of/ Justice," and, of course, the abolition of the preference checkmark --in a noticeable manner. As for the latter, political commentators have not overlooked the fact that Kon. Papakonstandinou, who continues to be considered as the most true expresser (or at least the conveyor) of the president's views, was one of ND's leading cadres in parliament who bore the brunt of the attack against the government bill.

As evident as the prime minister's inclination is that his cooperation with the president of the republic remain unclouded, so it is certain that he is finding response from the other side --at least to the extent that the rumor about a "smouldering crisis" is being judged as baseless and exaggerated.

To the extent that reliable information is possible, Kon. Karamanlis:

1. Alien to the propagandistic destructiveness and political terrorization to which the ND leadership has aspired, he judges as exceptionally significant for our political affairs that a calm political atmosphere prevails and there is in our country political stability greater than that prevailing in most West European countries.

2. Disagrees, of course, with certain elements and specific measures of domestic governmental policy, but averts clash or legal acceptance that the PASOK government received a mandate from the people to implement its own program.

3. Maintains his known opinion that the fact that the Rightist party is not included in the so-called democratic forces and is condemned as reactionary and anti-democratic (by parties and the press) remains an unhealthy phenomenon in our political life (with amplifications from time to time that could forebode the reappearance of the old dichotomy). Thus, not only are political contrasts aggravated but it is even possible that tomorrow unnatural obstacles to normal political developments will be introduced --if, for example, conditions demand the formation of a coalition government.

4. Would assuredly desire a stronger ND or perhaps some new political format that would advance to the forefront as an alternative solution to PASOK --so that the bipartisan system might function normally, without rearrangements that are dangerous to political stability.

5. Concurs with Andreas Papandreou that the determining factor for our long-term foreign policy are the pending problems with Turkey. Always having as a basic premise his orientation to a vision of a united Europe, the president of the republic has a few objections of the government's policy vis-a-vis the EEC, and he would have probably wanted closer ties between PASOK and the European social democracy. Finally, he finds the atmosphere improved for the conclusion of an agreement for Greek-American negotiations over the bases...

If matters are such or somewhat so, the conclusion is that, despite a few clouds on the horizon, the Greek-style "historical compromise" remains substantially undisturbed, a compromise that found its personified expression in the relations between Karamanlis and Papandreou.

"Historical compromise" of the two indisputably strongest political leaders of the country which, prior to the elections, contributed decisively to the consolidation of that atmosphere of certainty and legality of all factors of power so that it became possible, a year ago, to bring about the most important political change through the most normal electoral procedure in the history of the new Greek nation.

And in the post-election period, it preserves up to now the same atmosphere of certainty and stability --with an additional factor: that the president of the republic, as an equalizing factor, is to some extent filling the vacuum in view of the absence of an alternative solution in the governing party.

From this perhaps stems the fear that has reached the point of talking about /one word missing from text/ power," having always in mind --not needed up to now-- the constitutional "superpowers" of the president.

Fears and concerns that are certain to be increased 2-1/2 years from now when Kon. Karamanlis secures his reelection with at least 280 votes in parliament (with the exception of the KKE deputies and certain "independent" ones). However, up to then it is very possible that other balances in the game of power will have come about....

5671

CSO: 3521/50

## BRIEFS

ALLEGED IRAQI FINANCING OFFER--The ambassador of an Arab country, who was willing to finance (for the account of his country, of course) ND and PASOK during the pre-electoral period last year, is believed to be Hussam al-'Ali of the Iraqi Embassy in Athens. This was mentioned in yesterday's issue of the DAILY TELEGRAPH in a dispatch from Athens. The same dispatch adds that this matter was first brought up in parliament by Mr K. Stefanopoulos, ND parliamentary spokesman, who did not, however, identify the ambassador by name. Mr Stefanopoulos had stressed that the Rallis government not only had rejected the offer but had characterized it as interference in the internal affairs of the country. Minister of Interior G. Gennimatas, who answered Mr Stefanopoulos, denied the fact and said that he would go to Mr Stefanopoulos' office to obtain clarifications, following the latter's refusal to reveal the name of the ambassador in the parliamentary chamber. /Text/ /Athens MESIMVRINI in Greek 23 Oct 82 p 1/ 5671

YEMEN DELEGATION VISIT--A meeting between the delegation of the Yemen Socialist Party, headed by Mahmud Nagasi, central committee member, and a delegation of the KKE Central Committee was held yesterday in a warm comradely atmosphere. The Yemeni delegation is on an official visit to our country. KKE members making up the delegation included Comrades A. Ambatielos, political bureau member, and V. Venetsanopoulos, central committee member, as well as Comrades G. Papapetros and B. Ambatielos, central committee alternate members. Current international issues were discussed at the meeting and information was exchanged on the situation in the two countries. /Text/ /Athens RIZOSPASTIS in Greek 24 Oct 81 p 1/ 5671

CSO: 3521/50

## FORMER ADVISORY ASSEMBLY MEMBER OUTLINES VIEWS ON ELECTORAL SYSTEM

Istanbul CUMHURIYET in Turkish 7 Oct 82 p 12

[Report of interview with Prof Dr Feridun Ergin, former Advisory Assembly Constitutional Commission member, by Necdet Dogan]

[Text] Prof Dr Feridun Ergin, who resigned from membership on the Advisory Assembly Constitutional Commission to return to his university post, gave his views on the election system. Professor Ergin pointed out that "the method of determining candidates will have an effect on the level of politics and the quality of parliament." Ergin said that he prefers "the restricted region and majority system over the reduced-number, regional system."

Dr Ergin noted that he "finds it useful to examine and discuss the election system model proposed recently by Advisory Assembly members Ender Ciner and Orhan Baysan" and answered CUMHURIYET's questions.

[Question] It is anticipated that the constitution will take its final form in the days ahead. You have insisted in the Advisory Assembly on the need for the principles of the election system to be included in the constitution. It is now agreed that the election system and the stability of the system of government are interrelated. However, views differ when looking for the type of election system that will conform with conditions in Turkey. Will you give us your views on the election system?

[Answer] In my opinion, a three-level reform must be made in the electoral system. I propose that the method of determining candidates be changed, that electoral districts be redrawn, and that proportional representation be abandoned. Failing to insert principles for the election system in the constitution and leaving it to laws to be enacted later does not produce good results in our country. I hope that the mistake made in 1961 will not be repeated this time.

[Question] The method of determining candidates has been the source of countless complaints for many, long years. You spoke at your conference of a type of Gresham's Law that prevents qualified persons from winning in politics or staying in politics. You said that the situation that brings to mind Gresham's Law that says, in the words of the businessman, "Bad money drives away good



money," is encountered on the political scene as well. Can you describe an election system that will protect deputies from becoming business rivals and representatives of interest groups and that will open the doors of parliament to qualified persons?

#### Ideal Election System

[Answer] There is no perfect election system. The ideal election system has not yet been created. I approach the subject from a realistic and practical direction. Let me speak of two methods of determining candidates -- the selection of quota candidates and the nomination of candidates in electoral districts.

First, let's talk about general headquarters quota candidates. The leader's milieu plays an undeniable role in the success of a party. Parties are forced to look with Diogenes' lamp for qualified and experienced persons able to take advantage of their services in the activities of parliament and the administration of the state. I do not believe that being nominated on the local level and elected deputy is any less valuable. However, recent experience has brought out the old importance of the issue of quality in political staffs. I deem it beneficial to ensure the possibility of coming up with a sufficient number of deputies from general headquarters quotas of parties to represent the government and the major opposition.

A deputy coming from the general headquarters quota will take the place of one who could come from local nominations. The majority of those in parliament are persons who have won nominations locally and have then been elected. When leaving the design of the election system to laws, it has been the natural inclination of constituent assemblies and parliaments to lean toward restricting the number of general headquarters quota candidates.

Coming to local nominations, delegates who cast votes in the nominations, in general, take into account the skill of the potential candidate to carry out business, the money spent, and the benefits to be obtained.

There is a possibility of reducing the role played by the calculation of benefits and ultimate compensation in the competition for candidacy by broadening the voting base in the nominations organization. To try to influence the choices of 2,000 persons in the nomination of candidates is quite a bit more difficult than influencing 200 persons. A solution would be to give every party member who has been registered and has paid dues for at least a year the right to cast a vote in electoral district nominations.

[Question] Several political scientists claim that there is a relationship between the election system and the quality of candidates. Do you agree with this?

#### Candidate Selection

[Answer] It is true that the election system affects the quality of the candidates.

In the majority system, the party list, as a whole, either wins or loses. The absence on the list of names that are liked, trusted, and respected weakens the chances of other candidates. In the majority system, parties that have not acted carefully when choosing candidates pay a price for their negligence with the votes they lose.

In proportional representation, getting into the higher spots on the list of one of the large parties is sufficient to win in an election. The support of a few hundred delegates that have been swayed can substitute for the national will. A person who is unliked and unwanted by the people can bounce into parliament without experiencing the difficulties of climbing to the top of the list.

[Question] It is understood that you object to proportional representation. You state that, so long as imbalance between electoral districts is not eliminated, the objections to the majority system are preferable. What model do you propose?

[Answer] As you know, the number of deputies from Malatya in 1950 was 11. The party that won the election was the RPP [Republican People's Party]. However, after Adiyaman became a province, this electoral district was divided in two, and the boundaries were redrawn. In the next election, the RPP won in Malatya and the DP [Democrat Party], in the new province.

The reduction in size of electoral districts partially alleviates the injustice of the majority system.

Electoral districts of reduced size and the majority system are part of the model I prefer.

#### Limited Number, Reduced Size

[Question] Why do you prefer electoral districts of reduced size and not a limited number of districts? What are the objections to a limited number of electoral districts and what are the advantages to electoral districts of reduced size?

[Answer] In the limited number of districts system, there is no list. Each party presents a single candidate. The system is advantageous to independent, local people. One of its drawbacks is that it is difficult to put forth a quota candidate from general headquarters. Another is that local ties and interests emerge in the preliminary plan. Turkey's political psychology and political traditions do not foster positive results from the limited number of districts system.

In the reduced-size district system, it is not imperative that each province be a separate electoral district. Neighboring administrative districts may be in the same electoral district even if they are not in the same province. Reduced-size districts can be designed in a manner such that they have, more or less, an equivalent number of deputies. This also can ensure that there can be a quota candidate from general headquarters in each district.

[Question] A few weeks ago, Advisory Assembly members Baysal and Ciner proposed a new electoral system. What is your evaluation of this proposal?

[Answer] The Ciner-Baysal proposal is a mixed model. It seeks the election of 300 deputies by means of the majority system with reduced-size districts. The remaining 150 deputies would be elected using the method of a qualified national ticket and the system of a restricted proportional representation system.

The obstacle that would be encountered when applying such a model would be the impossibility of determining, by means of nominations rules, the names and spots of candidates to go on the qualified national list. If places on the qualified national list were given only to general headquarters candidates, the system would lose its viability.

11673

CSO: 3554/23

## GENERAL ALPASLAN INTERVIEWED ON NEW CONSTITUTION

Istanbul CUMHURIYET in Turkish 7 Oct 82 pp 1,11

[Report of interview with retired Lieutenant General Tevfik Fikret Alpaslan by Erbil Tusalp]

[Text] Ankara--Constitutional Commission member retired Lieutenant General Tevfik Fikret Alpaslan answered CUMHURIYET's questions on the draft constitution. Alpaslan said that he does not agree with the view that the period of transitional government will be completed with approval of the constitution following the public referendum. He asserted that it would be appropriate for the TBMM [Turkish Grand National Assembly] to elect the president and said, "If we attempt to amend the constitution on the second day, this constitution will also become like the 1961 Constitution."

The questions asked Alpaslan and his responses are as follows:

[Question] Work continues in the NSC [National Security Council] on the draft constitution. In your opinion, will there be more changes made in the NSC in the basic text or in the temporary articles?

[Answer] It would not be appropriate for me to say what will be done, but a constitution is something in which every article, from the first to the last, bears as much importance as the temporary articles. I personally believe that every article will undergo the same careful scrutiny.

[Question] If we evaluate the temporary articles for the transitional period to democracy, doesn't their importance become more apparent?

[Answer] If we say that there was a democracy in Turkey on 11 September, I must say that I do not believe it was one that worked. In this respect, a transitional period is necessary in order for us to be able to return to democracy. I consider the transitional period as one that lasts from the morning of 12 September until the TBMM is convened. I do not accept the view that it is over once the constitution is approved by public referendum. This is because not everything will be completed. As you know, the function of the Constituent Assembly is not only to draft the constitution. There are important laws to be enacted such as the elections and political parties law. The transitional period is not over before these are completed.

[Question] If the constitution is ratified, are the general approaches to the elections and political parties law certain?

[Answer] The very basic outlines are certain. I think they are not different from those of the 1961 Constitution. Institutions such as the secret ballot and judicial security are included in the same form in this constitution. A completely democratic approach is taken.

[Question] One of the constitutional changes is the formation of a new judges and prosecutors supreme council to replace judicial supervision. What effect will there be on appointments of persons to supervise elections from the standpoint of supervision of elections by this council?

[Answer] Let me repeat my views on the election of the president. Deputies elected by this nation will select this time as president one who definitely has served to date and will give him the position he deserves. He truly has provided great services. He has come with high credentials. As I said a little while ago, he is a person who truly possesses correct and high principles and is a man of his word. I believe that the best method of election, to be sure of his being elected president, is selection by the TBMM as is written in the constitution.

[Question] Very well, then, is there another reason for not pursuing this method?

[Answer] That is not comprehensible. Colleagues in the Advisory Assembly also desire it to be this way.

[Question] Again, should there be a reason?

[Answer] I think that the idea of becoming state chairman as soon as possible was determined as a method of being elected president together with approval of the constitution. Another idea could be that the concern that the persons who brought him forward would be united was able to produce this result. The idea that, by electing a president as quickly as possible, the state might be able to settle down might have had a strong influence as well. If it were left to the assembly, a year or a year and a half might elapse before the assembly is even formed.

[Question] Could it have been possible to hold another election to choose the president?

[Answer] As I said in the assembly, the period between the date the constitution was submitted to the public and the date it was approved could have been a minimum of 10 days and could have been as long as 6 months. Following this, there could have been an election with several candidates. I do not believe that a true rival would be able to emerge against Mr. Evren. An opponent could be named, but Evren would certainly be elected. Even so, there could have, at the least, been two candidates. On this issue, I feel that we chose the worst system.

[Question] Is there a chance for change in your opinion?

[Answer] I hope so, but it is impossible for me to speak in behalf of others. I can only speak for myself. I do not think as they do. They are looking down from a higher position. It is normal for them to have different views. The responsibility I have assumed is different from the responsibility they have taken upon themselves.

[Question] It is said that some want a temporary article to guarantee that no amendments will be made for 7 years if the constitution is approved in the public referendum.

[Answer] I do not seek that. There is no constitutional guarantee. Every constitution changes in a gentle or a decisive manner. Gentle change occurs this way. The constitution is amended if the change receives 51 percent of the vote. Some countries accept this. Some have brought their constitutions to the state where they cannot be altered. The condition that a three-fourths majority vote is needed in the temporary article is a measure taken to ensure that the constitution will not be changed for a specific period of time. I, too, think that this constitution should be tested for 7 years. It is a constitution that has been drafted keeping in mind the needs of the entire nation. I believe that it is necessary to protect, at the least, its integrity for a definite period of time.

11673

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## BUDGET CUT, BUT MANUFACTURERS TO STEP UP EXPORT EFFORTS

## International Market To Be Evaluated

Paris LES ECHOS in French 26 Oct 82 p 10

[Article by Airy Routier: "In the Face of the Cut in Military Credits--The Armaments Industrialists Are Going to Redouble Their Export Efforts"]

[Text] The French armed forces are grinding their teeth. And their industrial clients too: Charles Hernu, minister of defense, will see some rather grim faces this morning when, at Le Bourget, he inaugurates the eighth exhibition of materiel for the naval forces, which will run until 30 October. As is known, a decree has been published in the JOURNAL OFFICIEL that cancels, in the 1982 budget, Fr 13.4 billion in program authorizations and Fr 3.2 billion in payment credits, by virtue of a 1959 ordinance by virtue of which "any credit for which no object is specified in the course of the year may be cancelled by order." These credits had been "frozen" by the government, which has suddenly been converted to the virtues of a certain budgetary severity.

Charles Hernu is on the firing line. But the top-level military officials, as well as the armaments industrialists, know quite well that the decision was not up to him. He even completely misjudged the situation as he was actually trying to convince the deputies that he still hoped to unfreeze the credits.

This matter is unleashing a political storm. On the opposition side, of course, but also in the majority, which has difficulty--to say the least--understanding that a "collective" has to be voted through in order to increase public expenditures, whereas a mere order is sufficient to cut the credits already passed; this is by virtue of a Gaullist ordinance of 1959 that seals the predominance of the executive over the legislative. A PS delegation will be received by Pierre Mauroy tomorrow, and certain members of Parliament have not lost hope of making the government go back on its decision, at least partly.

What is at stake is the order for 25 Mirage 2000's, 47 AMX-10 RC tanks, 25 artillery batteries and 42 Breguet Atlantics--the new-generation maritime reconnaissance plane. As well as the current account balance of the Ministry of Defense, which has to carry forward quite a few of its payments to the beginning of next year, thus burdening the 1983 budget before it even goes into effect.

At the stands of the Le Bourget naval-armament exhibition, there was consternation, of course. The manufacturers--most of them nationalized--are too close to the government to be able to express themselves officially. But informally, all of them deplore the incoherence of a government that reduces military credits while at the same time urging the necessity of strengthened defense. "Things are being nipped in the bud." These cancellations of credits are not theoretical: "The elimination of thousands of jobs is at stake," say the most discouraged.

While the industrialists wait for a solution to this political problem on the political level, they are going to redouble their export effort, so as to maintain their work load despite the fact that their main customer has come up short. This, in any case, is what Michel Allier, director of Aerospatiale's tactical-missiles division, says. "Our best response is an industrial response--that is, evaluating the international needs very precisely and providing ourselves with the means for responding to it." That is how the Exocet was born. "We foresee the needs for the next decade and we are certain that one event or another somewhere in the world, at a given time, will make governments aware of the necessity of equipping themselves quickly with second-generation missiles."

True, after the Falklands war this division of Aerospatiale will have its order book guaranteed full for at least the next 3 years. Dassault, affected by the putting-off of Mirage 2000 and Breguet Atlantic orders, is in a less solid position.

But hope is not dead. It is dead on the other side of the Pyrenees today, though, inasmuch as, if Mr Felip Gonzales is elected, a double jeopardy is expected: on the one hand, the purchase of American F-18's instead of Mirage 2000's, and on the other, the contract for sales of armament to Egypt, the strings for which are being pulled by the United States on the vendor side, and by Saudi Arabia on the buyer side.

#### Hernu Comments at Naval Exhibition

Paris LES ECHOS in French 27 Oct 82 p 13

[Article: "Charles Hernu: Developing Cooperation in the Naval Domain"]

[Text] Not a word about the gloomy cuts in the 1982 budget. Charles Hernu, inaugurating the eighth exhibition of materiel for the naval forces, did not, in front of the 98 foreign delegations present, want to evoke an internal problem that will be worked out at the highest level and on political bases, while the Socialist group is to meet with Pierre Mauroy today (see LES ECHOS of yesterday).

The minister of defense stressed that "France cannot neglect the essential component of its defense that the Navy constitutes," and launched into a stirring plea for international cooperation in the naval domain, "in which it has not yet reached the level that would be made possible by the technical capacities and operational experience of France."



In order to raise this cooperation to a level comparable to that of the army and air-force domains, Charles Hernu defines three axes of effort: strengthening the information and proposal capacities, as is evidenced by the setting-up of the France Naval economic-interest group, which should enable several companies to combine their competencies and their efforts; improving--with due regard for the economic constraints--our capacity for dealing with financing problems; and finally, taking better account of the foreign needs in the financial planning of the French firms, the shipyards in particular.

For Charles Hernu, this necessary cooperation, beyond its major industrial interest, is mainly of political interest for friendly countries, even though the extension of the law of the sea confers increased responsibilities on them. Dealing with France "means dealing with an independent country, one that considers that other nations, like itself, have the right to provide for their defense autonomously"--that is, dealing with a sure partner, "one whose military-cooperation policy is guided by the principle of continuity...and which does not impose political conditions."

#### Nuclear Programs Unaffected

Paris LES ECHOS in French 25 Oct 82 p 9

[Article: "Defense--Industrialists Disturbed about Budget Cuts"]

[Excerpts] Anxiety all around as a result of the budget cuts decided on by the government for Charles Hernu's ministry. Cancellation of Fr 13.4 billion in orders and Fr 3.2 billion in payment credits--that is enough to provoke some lively emotions, both among the deputies and among the industrialists. To such a degree that a Socialist Party delegation has asked for an audience with Pierre Mauroy for Wednesday. No one looks favorably, even in the name of budgetary rigor, on an amputation of a draft budget that totaled Fr 158.8 billion in credit payments (+ 14.4 percent) and Fr 78.4 billion in program authorizations (+ 24.6 percent).

"Nothing has been abandoned," Charles Hernu made a point of saying on his return from the Franco-German summit in Bonn; "certain orders have simply been postponed from one year to another." As if to disarm any opposition all the better, the minister of defense chose to stress that "the programs were defined in July with the double concern not to affect the nuclear programs in any way and to keep to a minimum the industrial consequences of the staggerings and postponements."

The cuts relate to 25 Mirage 2000 airplanes, 47 AMX-10 RC tanks, 26 155-mm batteries, and 42 new-generation Atlantic patrol planes.

## Missile Sales

Paris LES ECHOS in French 27 Oct 82 p 13

[Article by Airy Routier: "French Missiles Are Selling Well--The Impact from the Falklands Has Not Been Felt Yet"]

[Text] "We have received no Exocet order directly connected with the success of that weapon during the Falklands war." Is Michel Allier, director of Aerospatiale's tactical-missiles division, employing paradox? Apparently so: to date, 2,091 Exocets, in its different versions, have been sold to 27 countries, including France--which is a thousand more than 2 years ago. The rates of manufacture are increasing: 18 per month in 1982 and 25 per month in 1983. "Actually, taking the governmental restrictions into account," Michel Allier explains, "we have practically exhausted the market, in terms of the number of customers."

The Exocet's success in the Falklands is ambiguous, they explain at Aerospatiale. If the English, who have this missile, had used it to sink the "General Belgrano," there would have been far less talk about it. But with regard to the destruction of a ship of the British fleet by a country considered technologically backward, which is false, ill-informed people have inferred from this fact--unconsciously, no doubt--that it is a miracle weapon.

At any rate, it was the air-to-sea (AM-39) version of the Exocet. "Now this is a complete weapons system, with the Super Etendard, bought by only seven countries (400 missiles). The diffusion of the Am-39 is actually limited by the diffusion of its carrier," Michel Allier explains.

The Aerospatiale officials declare that the weapon that has most pleasantly surprised the military strategists is less the Exocet than the Roland mobile anti-aircraft defense system. The Argentines have two of them, and transported one to protect the Port Stanley runway. Eight shots were fired: four British planes were definitely downed, one more probably, and one bomb was destroyed in flight. The Roland--which was moved every day--prevented the destruction of the airstrip up to the last day. In Michel Allier's view, "it demonstrated its exceptional site-defense capacities, whereas it was designed to ensure air cover for armored forces."

Whereas sales of airplanes are marking time, the French missiles are currently making foreign armed forces happy. Thus, the American Congress is studying the request by the U.S. Air Force to buy 16,000 Durandal missiles, designed by MATRA [Mechanics, Aviation and Traction Co] for destroying concrete air strips. This plaything--half-bomb, half-missile--is capable, dropped at high speed, of making craters 100 meters across and of raising a concrete slab of more than 500 m<sup>2</sup>. MATRA began manufacturing it in 1979 and has sold more than 6,000 Durandals to 11 countries. But neither France nor its European partners have bought it.

Since the USAF has judged the Durandal to be "without a competitor" in the market, local manufacture will not be demanded. If the Congress gives its back-

ing, MATRA will have a contract for \$500 million, with deliveries spread out from 1983 to 1987.

Beyond the production in progress, the builders are developing the weapons of the following generation. Thus, Aerospatiale unveiled at Le Bourget the supersonic antiship (AMS) missile, which, at faster than Mach 2, will cross through the most sophisticated defenses at the end of the decade by virtue of the increase in maneuvering capacity and the decrease in the adversary's possible reaction time.

As for MATRA, at whose exhibit Charles Hernu spent a long time, it is presenting for the first time a new very-short-range sea-to-air missile for anti-aircraft protection of ships. The sword and the shield. Customers, pull out your wallets, please, since our falling exports require it; but please don't fire first!

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MILITARY

FRANCE

BRIEFS

MOROCCAN NAVAL VESSELS CALL--Two Moroccan naval vessels made a routine call at Toulon from 27 September to 1 October. The "Daoud ben Aicha" is an amphibious vessel of 1,305 tons built in 1977 at the Dubigeon-Normandie yards. She is derived from French batrals [?] of the Champlain class. The Moroccan navy has three vessels of that type. The patrol boat "Okba", of 400 tons, was built in 1976 at the SFCN yards of Villeneuve-la-Garenne at the same time as her sister ship "Triki". [Text] [Paris COLS BLEUS in French 16 Oct 82 p 21/ 6145

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CSO: 3519/78

## REPORTER DISCUSSES ROUTINE ON JAN MAYEN LORAN BASE

Oslo AFTENPOSTEN in Norwegian 1 Nov 82 p 48

[Article by Brita Rosenberg: "Daily Life on Jan Mayen"]

[Text] Two women, 30 men, 3 Newfoundlands. Two work places, one mess, a library and a canteen. An ocean where a ship is a rarity. A sky that is seldom seen. A terrain that few have the imagination to dream of. Months without contact with the outside world. Nonetheless, a meaningful existence for one who wants to give meaning to his days.

It is time for the change of watch on Jan Mayen. With us in the Hercules aircraft are a group of men who are going to the island for the first time. To earn money, experience something different, make a contribution on a piece of Norway that almost none of us have seen, and hardly know anything about. Some have been there before. They come again and again. Jan Mayen has a firm grip on them. At regular intervals they must come up again for a time, to get a new "injection."

Station chief A. K. Stein has been on the island 2 months, and is intensely and curiously in love with Jan Mayen. He has wanted the job for many years, and now he finally has it. Has reality lived up to your expectations so far?

"More than that! I am happy every day," said the elated station chief.

"Jan Mayen is demanding, but it gives so much. The position here is a different type of challenge than we officers usually face. I am the island's sheriff, taking care of hunting, fishing, and everything that moves. Many believe that we are subordinate to the district governor on Svalbard, but the only thing he has to do with us is to approve our liquor supply. The sale of alcohol is regulated by quota set up by the Social Department."

"You are the chief of the men and women in meteorology also?"

"That is correct. The station chief of the Combined Defense Unit [FFSB] as it is called, is the senior Norwegian representative, and has executive authority. The meteorology personnel, who are also connected to the Meteor-

ology Service and the Coastal Radio Service, are billeted in FFSB's station and have the same rights and duties in their free time as the Defense Department personnel, who are assigned to the LORAN and CONSOL navigation systems. The station has its own decision making apparatus, with regulations and guidance about local conditions, and the island has a system of laws which include hunting and trapping, worker safety laws and foreign legislation. Otherwise the laws are the same as in Norway, which Jan Mayen has been a part of since 1930. But have we not talked long enough? Did you not come here to see this bit of Norway which is so different than the rest of the fatherland?" asked the station chief, and then he invited us on an automobile tour.

Three large Newfoundlands wanted to be petted before we left. They live outside all year. When they wake up on winter mornings they look like three white rocks which suddenly rise up, shake themselves, and become black. But the snow still had not come to Olonkinbyen, where the station is and where the dogs live. They are still black when they wake up. Black and large and sociable--they are also a part of the environment. We must share our attentions equally, we are told, otherwise they become jealous, and do not entirely get along. The station chief learned that one day when he decided to brush them thoroughly, one at a time. Long before he had worked his way through the fur of the first, number two was very angry over not getting his share of attention, so the chief thought it wisest to postpone the operation until temperaments had settled a bit.

Station chief Stein drove, pointed things out and told about them. There is Walrus Bay where supplies from ships are landed with rafts or dorys. There is no harbor on the island. In the summer a cruise ship anchored here and the passengers came ashore in rubber boats to experience Jan Mayen. The visit reinforced the station chief's belief that a certain form of tourism could be a good thing. Jan Mayen should be used for something, and the state has a hard time deciding just what. Even though LORAN is a part of a great international navigation system, and CONSOL is used by fishing craft, those do not constitute complete utilization of this fantastic polar island.

The problem is billeting, but with so many inactive passenger ships that should be simple enough. Simply anchor one in Walrus Bay, which has a beach about like the longest and finest in the Grand Canaries, fly the tourists from Bodo, and use the ship as a hotel. It would be no problem to fly in 50 tourists over a weekend, said the station chief. Think what an experience that would be for spoiled oil sheiks and American millionaires! It would be expensive, and would bring heaps of gold ducats to our lean treasury. A trip by snowmobile to fantastic Berenberg--2277 meters over sea level, covered by permanent ice and with more than 20 glaciers which radiate out from the center, some of them reaching the sea. We should not sell that cheaply. The station chief is convinced of that.

Stein points farther, in the direction of Andersen's cabin--the oldest structure on Jan Mayen, built of driftwood in 1908 and used during fox trap-

ping. It is located by Atlantic City--the American direction-finding station built in 1943, when the island was the only Norwegian territory which was not occupied by the Germans. Also Eldste Metten, which was formerly called Anna Serine's Downfall--named after the steward's wife--and Gamle Metten. The guard station from the war, which is located at Jameson Bay, Pupebu, Camp Vera and Anna's cabin. The photographer asked about the old graves. We saw three of them. There are limits to what can be seen in a couple of hours. The time was almost up when we passed the remains of the Dutch whaling station on our way back.

Driftwood everywhere. Exactly how old it is nobody knows, but it is protected from all except "permanent residents." The piece that I was given--with inscription--felt as though it had turned to stone a long time ago. So if it is not from the tertiary period when the island was formed, it is certainly very old. Well on the way to 40 million years, like Jan Mayen itself. So it is reassuring to know that the state has already made it unlawful for unauthorized persons to remove driftwood souvenirs. The skitouring terrain is fantastic, and diligently used by most of the people at the station. In the spring there are egg collections in the rocks inhabited by birds, and there are continuous orienteering tests the year round. There is ice swimming and carpet weaving and boat building--and mealtimes, which the former chef of the SAS hotel in Tromso is now responsible for. He has "the world's best raw materials" available, and plans heavenly tables for the hungry polarists.

Is food important on Jan Mayen? I asked nurse Borghild Haaland from Arendal, who has been on the island for 6 months--the first female nurse on Jan Mayen. "The meals are certainly important. I have worked with the chef since I came. Of course we want the food to be not only good, but nutritionally correct also. Meals and hygiene were the first things I began to work on when I came here. The men thought it was too much bother to scrub everything, but it went quickly. Now everyone uses his own soap, and keeps everything shining clean in his own room, in the washroom and the sauna."

There have been two women on Jan Mayen the past 6 months, the nurse and the meteorological assistant, 25-year-old Torill Solskinnbakk. In the winter Torill will be the only woman on the island. Adventurous? Yes, that also, admits Torill. But mostly she is here to earn money. The island is exempt from value added tax and fees, and with about 12 percent withholding tax and income spread over 2 years she will be able to build up a tidy sum.

Borghild Haaland's motive was mainly the desire to obtain the broadest possible practice, and polar medicine is a new area which she believes is very interesting.

"How were you received?"

"Some were skeptical before I came, among them the former station chief. But he gave me full backing from the first moment, and that meant a lot.

I tried from the start to see my presence from the viewpoint of the men. One must not be blind to the problems. So few women among so many men can create an atmosphere, but we can also tear it down if we are not mature about our jobs. A woman must set strict requirements on herself. We must be something for all, create a balance, look after each other like a normal home. But it is more tiring. People must get help when they need it, one can not bear up 8 hours a day. And because we are only two women, we must appear at all social functions even if we are tired and not in the mood."

"Have you succeeded?"

"Yes, really. As recently as yesterday one came up to me and said, 'You have averted many old fashioned celebrations which have just been occasions for drinking! Alcohol abuse has almost not existed. Because you have taken that position and been so temperate, you have also helped us.' That was good to hear. And the polar veteran Nic Nicolaysen said that he hoped this would be permanent. A nurse on Jan Maney has a job in the environment also, and he believes that gruff men would rather seek help from a woman than from a man."

"This has also been a professional challenge," said Borghild Haaland. "The position does not only require that one take care of injuries, minor illnesses, hygiene and food, we also contribute to the station's readiness system. This has interested me greatly, and I have received an offer to come to Hopen and Bjornoya in that connection. But first I am going to the Middle East to work there for a year."

"What advice would you give a fellow woman?"

"She should not have personal problems; no personal problems are solved here. She must be temperate, place strict demands on herself and never relax the demands. She must be something for all, and not favor anyone especially. She must have the broadest possible experience and be professionally skillful. Only then can she give something to others, and have a meaningful time herself," said nurse Borghild Haaland, who in addition to all her other activities has built herself a 17-foot leisure boat.

It is going on the flight home. Together with some of the "old timers"-- who are rather young, and were relieved by those who flew in with us. Only 4 hours ago. We are leaving behind 2 women, about 30 men, and a bit of our heart. In 2 deafening hours aboard the Hercules plane, we will land at Bodo.

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## NORWAY SEEN BETTER ABLE TO DEAL WITH U-BOATS THAN SWEDEN

Oslo AFTENPOSTEN in Norwegian 6 Oct 82 p 4

[Article by Knut Falchenberg: "Norway Better Equipped to Hunt Submarines"]

[Excerpts] While the Norwegian Defense Forces work quietly on at least a couple of projects which will strengthen our ability to drive up foreign submarines, our military colleagues in Sweden are undergoing the hardest tests. For while the number of "submarine reports" seems to have declined here, the Swedes continue to be subjected to even more impudent intrusions.

No one can discuss what is going on now in the Stockholm archipelago without remembering what happened off Karlskrona on 27 October of last year. In the evening the Soviet submarine U-137 of the "Whisky" class went aground in a Swedish inner channel, even in a military restricted area. With almost total certainty the Swedes maintained that the submarine had uranium 238 on board, probably as atomic charges in the torpedoes. The diplomatic scandal was complete. After having complied with a number of Swedish demands, the Soviet submarine humbly withdrew before all the world's TV cameras. Neutral Sweden believed that they had acted with necessary firmness.

As for Norway, one must expect that even if the rules on paper may diverge somewhat from the Swedes, the handling by the authorities of a submarine incident would be almost identical with the Swedes. But in the military area Norway is distinguished by its NATO membership. Allied aircraft and ships could, during exercises in Norway, participate in a submarine search. A NATO frigate equipped for antisubmarine warfare would probably discourage more than a neutral Swedish customs boat, some military helicopters and small craft. It should be mentioned, however, that Swedish submarines are probably their best weapon.

In Norway we still have "larger" ships in full operation, such as frigates and corvettes, which are equipped with antisubmarine missiles, depth charges and homing torpedoes. The modernization which is planned to extend the lives of the frigates includes improved sonar equipment--which tracks down submarines--as the most important part. One of the Norwegian "Kobben"

submarines is equipped with a new system which can detect submarines at a greater distance than before, and more surely classify them, meaning decide what submarine is being tracked. This so-called LOFAR equipment will now be installed in several "Kobben" submarines. When the just-ordered submarines are delivered starting in 1989, Norwegian antisubmarine ability will be further enhanced. Also Orion aircraft can detect submarines and drop homing torpedoes. This combination of Norwegian weapon systems, with our submarines, frigates and corvettes plus Orion aircraft, probably gives Norway somewhat greater stamina than the Swedes in a search which lasts over several days. Such stamina can decide whether a submarine will escape or not.

Statistics which the navy has assembled since 1969 on a total of 185 "unidentified objects in the sea" suggest a peak in the early and mid 70's, and a slight decline later. The figures show what has been reported, and in only a very few cases does the Navy have positive indications that unauthorized submarines have actually been in the fjords.

'Awful,' Says Norway's Defense Chief

"A submarine in a narrow archipelago has all the odds on its side. It is almost impossible to force it to the surface, sinking it is somewhat simpler," said the Norwegian Defense Chief Sven Hauge to AFTENPOSTEN. Yesterday he was on Gotland on part of a round trip as guest of the Swedish Defense Forces.

"I have talked with the OB [Supreme Commander Swedish Armed Forces] and my impression was that the Swedes are not entirely certain that there really is a submarine in the archipelago, because they have not seen it. If it is there, they do not know the reason why. Personally I do not know either what a submarine would be doing in those waters, but if that really is the case, I would say that it is awful that a foreign submarine has again come into a restricted channel, close to a naval base," said General Sven Hauge.

"What does the Swedish defense leadership think about it?"

"I have the impression that they take the matter very seriously, and to the extent possible, they are putting all their resources into the search. In Norway we have a few other means with which to conduct antisubmarine search, our Orion aircraft among other things. Our passive listening buoys can be dropped from the aircraft in large numbers, and can remain in the sea and listen for submarines for a longer time than the Swedish helicopters with their dipping microphones can hover, one at a time."

Furthermore the Swedes are restrained from giving detailed information to a Norwegian defense chief.

Therefore he knows of two new Swedish antisubmarine weapons only from newspaper descriptions. One is an acoustic transmitter which supposedly can be

dropped in the water so that it is fastened with a magnet to the submarine's hull. If this is accomplished, the transmitter sends out signals which make it easy for the Swedish Navy to follow its movements. The other weapon is a minibomb which would blow a small hole in the submarine's pressure hull. The leak should force the submarine to the surface.

"Whether such equipment is in use I do not know," said General Hauge, who will continue to follow his program in Sweden until Saturday.

9287

CSO: 3639/9

## OFFICIAL FORESEES WIDER ROLE FOR WOMEN IN ARMED FORCES

Oslo AFTENPOSTEN in Norwegian 6 Oct 82 p 40

[Article by Liv Hegna: "Milestone for Women in Defense"]

[Text] At this time it is not the policy to conscript women, but the government is busy moving milestones concerning female service in the defense forces. This was confirmed to AFTENPOSTEN by permanent secretary Oddmund Hammerstad in the Defense Department. Several of the measures to be put into effect will start with the new year, the permanent secretary said. This is confirmed by the fact that in the budget bill which will be presented today, new openings will now be offered to women in the armed forces.

Besides permanent secretary Hammerstad emphasized that the women will have a relatively broad place in the bill covering the organization of the defense forces which is expected to be presented in 1983.

Hammerstad emphasized for AFTENPOSTEN that it is hardly a political desire to introduce general conscription for women, neither from the government side nor from the Labor Party side. Also for that reason the Defense Department has chosen to follow the line of gaining experience from the individual lessons learned in this area before preparing a recommendation for conscription of women.

Oddmund Hammerstad referred to Defense Minister Anders Sjaastad's previous statement on introducing general community service to make amends for the unjust conditions which exist between the portion of male youths who serve the required time in the armed forces and the portion which are excused. "The defense minister's thoughts must also be seen in connection with the coming shortage of manpower in the defense forces," said Hammerstad, but he emphasized that it is too early to speak about equal rights and duties until the defense of our country devolves upon both sexes.

"Paragraph 109 of the Constitution and the conscription law of 1953 protect conscripted troops with separation from service after conscripted time, and

give the male troops the right to serve repetition training. Women in the Home Guard have the same rights, but that is not the case for women who serve in the other branches. Does the Defense Department intend to present a recommendation to the Storting to change this?"

"We are waiting for a report from the Defense Department's Equality Committee," said Hammerstad. "That point that you mentioned needs to be solved. It is unfortunate that women who serve voluntarily should be without protection of their rights, and it is bad for recruiting and motivation."

When the Storting 5 years ago opened access to a military career for women, limits were set for women as to combat situations. In the report before the proposal to the Storting it said that women with military status would not serve in the army's mobile field units, on navy ships or forts, and in the antiaircraft artillery and aircraft of the air force. Itemization was not, however, repeated in the bill, even though the Storting generally agreed with the department's proposal.

Permanent secretary Oddmund Hammerstad emphasized to AFTENPOSTEN that neither from pertinent Storting documents nor debate can he see that there is anything to prevent new areas of service from being opened to women. Hammerstad especially uses the argument that the division that has been maintained previously has created problems for serving women and their career possibilities. "Furthermore it has created great uncertainty among these troops where they, if they are sent to serve aboard a naval ship, must be sent home in case of war. We should try to avoid such circumstances," emphasized the permanent secretary.

Besides there are several organizations which can use conscripted women. The Norwegian Reserve Officers Association which counts 10,000 persons in mobilization positions has already, at its previous national congress at Rygge, approved working actively for bringing in female conscripts.

9287

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## NORWEGIAN SUBCONTRACTORS TO BENEFIT FROM FRG SUB PURCHASE

Oslo AFTENPOSTEN in Norwegian 1 Oct 82 p 4

[Article by Knut Falchenberg: "Billion Challenge to Industry With Submarine Purchase"]

[Text] Spontaneous applause broke out in one of the officers' messes at Hakonsvern yesterday when the paper was finally signed for the purchase of six new submarines for the navy, with an option for two more. There was great pleasure that 8 years of court proceedings were over, after several periods when the outcome of the agreement was in particular trouble. A redemption agreement will guarantee jobs for Norwegian industry worth billions from the West German giant company Thyssen. One of the submarine fleet of six will always be under overhaul or in training, so that only three or four will be fully ready.

"The authorities have had their turn, now it is industry's turn to stand up and utilize the possibilities of the agreement," said Assistant Director Arne Grumstad of the Defense Department to AFTENPOSTEN.

The German company Thyssen has agreed to give Norwegian industry jobs for a minimum of 60 percent of the building total for the submarines, which for 6 submarines comes to 2.1 billion kroner according to the exchange rate of December 1980. In addition to the ships themselves there will be the cost of the torpedoes, command and weapon control systems, communications and other equipment which will bring the total price up to 3,130 million kroner. After 2 years consideration Norway must decide if it will redeem the option on two additional submarines, or instead choose to modernize some of the existing 14 "Kobben"-class submarines. A third possibility is that the economy at the close of 1984 will prohibit further ambitions in submarines. In case the additional two are purchased, the price of the eight new submarines according to estimates will be 3,896 million kroner. But as one of the members of the Thyssen delegation said to AFTENPOSTEN, it is difficult to predict with certainty the price of a series construction where the first boat is delivered in February 1989 and the rest until May 1990.

The Thyssen spokesmen say that through the redemption agreement they have seen that Norway can also deliver high quality technology, and that they are positive toward developing contacts with Norwegian industry, if possible beyond the guaranteed 60 percent of the purchase amount. Negotiations are already going on for 25 projects, which include Norsk Jernverk, ASV, Trallfa and Stentor. According to information which AFTENPOSTEN has learned, the firm Triton in Trondelag is the first outside the shipbuilding sector which has a contract for over one million DM. Thyssen will develop connections within steel, applied electronics, aluminum and light alloys, machinery and offshore, it was announced at a press conference yesterday, where Thyssen representatives emphasized that Norwegian suppliers must be competitive. Among the firms which are making deliveries directly to the submarines are NEBB, Anker Batteries and Siemens.

Kongsberg Vapenfabrikk is in a special position in that the firm will develop an advanced computerized fire control system for the submarines. There is a draft of an agreement between Norway and West Germany that West Germany will cover half of the development costs. However the Norwegian defense will advance all costs for the Kongsberg system which the Germans first will cover in 1990 when, according to the agreement, they will procure the Norwegian fire control system for a new German submarine class. For Kongsberg this can mean 15 years of work for almost 1 billion kroner in all. The German government agrees not to support the development of competitive systems in the meantime. This agreement between the two countries is expected to be signed with the West German government crisis is over with.

To the question of whether one can feel sure that West German politicians in 1990 will really spend money to buy a fire control system in Norway, permanent secretary Oddmund Hammerstad in the Defense Department said that nobody can guarantee 100 percent what the world will look like in 1990, but the guarantee is the best that is attainable.

The submarines will be built at Thyssen Nordseewerke in Emden, which is a part of the gigantic Thyssen group with 150,000 employees and sales of about 80 billion kroner, plus a worldwide sales network. The door is open for a Norwegian drive, and the industrial protocol which was signed yesterday parallel with the submarine order gives perspectives for Norwegian firms which manage to compete successfully.

In spite of the possibilities for industry, it was the military requirements which were fulfilled by the Chief of the Naval Supply Command, Rear Admiral Julius Meyer, when he negotiated the agreement.

Military circles are now debating whether the submarines should be based in Bergen or Tromsø.

The commander of the Coastal Squadron, Commodore Bjarne Grimstvedt, told AFTENPOSTEN that he favors keeping the submarines in the south. The sub-

marines must continuously operate together with the frigates, or much of the training momentum will be lost, he said. Furthermore Olavssvern at Tromso is a more exposed base during a war.

Today's Norwegian submarines use between 3 and 4 days to go from the south to north Norway.

9287

CSO: 3639/9



## WEAPONS FIRM CHIEF COMMENTS ON NEW ACQUISITIONS, RESEARCH

Oslo AFTENPOSTEN in Norwegian 5 Oct 82 p 40

[Article by Knut Falchenberg: "Defense Department Is a Novice in Material Procurement"]

[Text] "The Norwegian weapon industry is not a hindrance for the Defense Department, both are partners who need each other," said the managing director of Kongsberg Vapenfabrikk, Bjarne Hurlen. He said that in our part of the world the purchase and sale of defense material is purely political trade, where a free hand for industry is practically impossible. Hurlen has never understood how a country can make fixed regulations for its foreign policy, as Norway has done for export of military equipment. In material procurement the Defense Department in this country is still a novice, impulse buying takes place and planning horizons often do not extend beyond the end of the nose.

It takes hours of patient interviewing before one gets united and coherent sentences from the eminence of the Norwegian defense industry, Bjarne Hurlen. His outward style is careful and well-considered.

"Hurlen, it is not difficult today to find officers who say that Kongsberg is not a town, but a hindrance?"

"It is important to understand the dynamics of the development since Norway in the 60's, with economic grants from the United States, undertook its first independent major procurement--expansion of the navy. Since then technology has steadily created new possibilities, and NATO's time-honored advantage is the ability of the alliance to renew itself quicker than its opponents. Rapid renewal maintains Western superiority. An example is that Norway is now ordering submarines for 500 million kroner each. When we ordered the "Kobben" class 20 years ago they cost 18 million each! The difference in price is also due to inflation, but primarily that the navy is getting a ship with technical equipment which will protect against modern threats and at the same time make the submarine suitable for attack

operations. But we know that when 10 years have passed, individual systems on board can be improved. Here we are at the point: This dynamic development makes it necessary to have a close professional joint effort between the user and the supplier, between the Defense Department and industry."

"But cannot Norwegian industry just as well develop close ties with foreign suppliers?"

"I do not know of a single Western country which has not maintained a defense industry, except perhaps for Denmark, which as a result has regrets. Why is that so? There are several reasons. It is seldom that a defense can use things that others have made for them; special characteristics such as climate, terrain, depth conditions of the sea can require adaptation or entirely new construction. So a dialogue must decide what is suitable--and worth the price. Another factor which many overlook is that the Defense Department is a 'consumer' which has not had practical experience in what is good and what is not so good with what they are buying. Only a war can give a complete answer. In order that the Defense Department in peacetime can have basic knowledge of their material, it is therefore extremely important that they have participated in the creation process. In that area some customers are creative and get what they need. Others get only what they buy!"

"But the price, a short Norwegian series production of development technology must certainly be expensive, as for example when Kongsberg develops its own fire control equipment for only six Norwegian submarines?"

"That can be expensive, I agree. But we do not develop our own things if we can avoid it. When possible we try to cooperate on material projects within NATO, even if today in practice there is very little remaining of the large vistas of cooperation. One reason is that Europe is preoccupied with its protectionist possibilities. As you know, military equipment is exempt from all free trade rules."

About the price of Norwegian material, Hurlen said that beyond a doubt the weapons that we have developed here are better and cheaper than what we could have procured any place else. But when, as with the F-16 production cooperation, we share production among five countries, that is not the best utilization of resources, he said.

"I will claim that the Defense Department gets less for its money than they could have with more suitable cooperation and better planning. Actually the situation today is more confused than ever in the past 20 years. In truth our planning horizon is pressed up against the end of our nose, something which has created uncertainty for the industry and impulse buying in the Defense Department. What they call a decision process is no process, but an action. They began with 5-year plans, but inflation has caused the plans to burst, assumptions to change, and a new plan is picked on short notice, as for example in the case of airfield defenses."

"That close dialogue that you want, can that not contain an element of the 'goat and the oat bag'? For example if the Defense Research Institute [FFI] and Kongsberg in cooperation create a product, and then the same institute advises the Defense Department whether to procure it?"

"In a necessary modernization process the FFI must play a key role for the Defense Department. It would be impractical if the scientists there should find solutions to military problems, but we could not produce them. The goal must be a combined result."

"What about lobbying activity, is the national company at Kongsberg trying to influence the country's defense plans?"

"We are selling, and must obtain information and convince customers. That is clear. Our sales program is like any other company's, large or small."

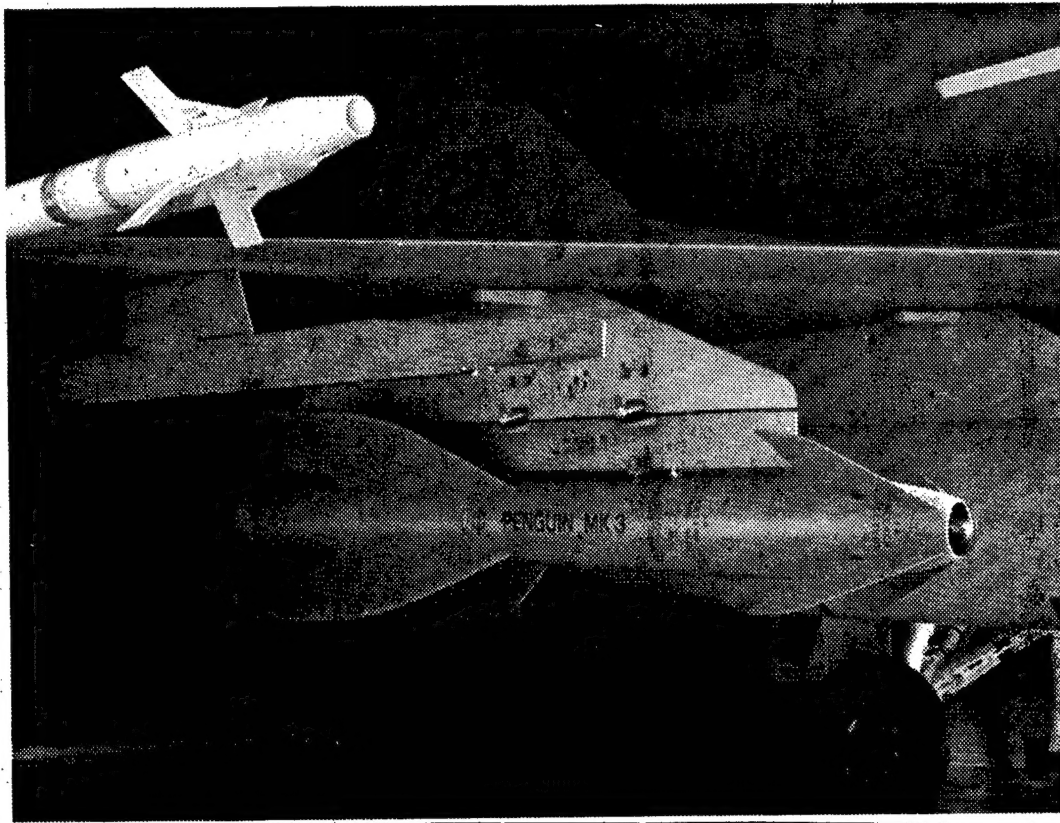
"When the politicians decide what the customer will buy, must you therefore influence the politicians?"

"If an issue is such that the cabinet will decide, we will also obviously give it viewpoints. Sometimes the decisions are more political than others, and no one lives in a political vacuum. In 1975 we were asked by the government to establish a factory in Narvik. Now we have done that, and how we will keep it going will be tied to political decisions. We also went into Odda for political reasons."

"Are our export regulations a straitjacket?"

"That is of course politics. And it is typical of politics to adjust to circumstances, not in the future, but today. We have, however, oddly, something no other country has, namely a reform policy of fixed regulations for export permission. Our foreign policy is not governed by such regulations. For my part I do not understand how the world can be divided into friends one can depend upon, and others one cannot depend upon. In a country like Sweden the defense industry is much more free."

Bjarne Hurlen emphasized that Kongsberg would much prefer a good cooperation within NATO over occasional sales outside. "But as other countries are stabilized and develop well-established cooperation it is not easy to say that a government can buy our civilian gas turbines, but not our defense material. Then I will only say that we are loyally following the applicable rules, and we are not going to hint about a sale to a customer without a clear signal from the correct authorities," said managing director Bjarne Hurlen.



Caption: The first photograph which shows how a new Penguin missile will hang under the wings of the Norwegian F-16 aircraft. The missile was developed at Kongsberg.

9287

CSO: 3639/9

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